

Economics 548
International Economic Relations
6:00-8:45pm MW–215 Stipes Hall
Department of Economics
College of Business and Technology
Accredited by AACSB International–The Association to
Advance Collegiate Schools of Business
SUMMER 2007

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Office Hours: Monday 4:00-5:30pm
Tuesday 3:30-4:30pm
Wednesday 4:00-5:30pm
Other times by appointment. See note about office hours below.
Personal web page: <http://www.williampolley.com>
Web page for this course: <http://www.williampolley.com/econ548>

Prerequisites

Econ 508, or Econ 231 and Econ 232, or equivalent

Texts

King, Philip and King, Sharmila. *International Economics and International Economic Policy: A Reader*, 4th edition. New York: McGraw-Hill Irwin. 2004. **REQUIRED**

In conversation, I will often refer to the text as the “King reader”.

International economics is a rapidly changing area, and current events are very important. This edition of the text has a substantial number of new articles. The copyright date of the previous (3rd) edition was 2000, and thus would not cover many of the important developments in the field. Thus it is necessary to have the 4th edition of the text.

Other articles may be posted on the course web page. Because of the nature of the course and its focus on real world events, I encourage you to keep up with those events by reading one or more news publications either in print or online.

E-mail and Web Policies

You are required to have a WIU e-mail account. Stop by 126 Stipes Hall if you don't have one yet. I will send any e-mail to that account. If you have another account that you would rather use, you can set up your WIU account to auto-forward. Again, stop by 126 Stipes Hall to see how to set this up.

If you would like to provide me with a 2nd e-mail address, that is fine. However, I will continue to send to your WIU e-mail. If you do use a non-university e-mail address to receive messages from me, please set your “spam-blocking” settings such that my e-mails

will not be bounced back. In most cases, this can be done by adding my e-mail address to your list of contacts or your address book.

Any important announcements regarding coursework will be sent by WIU e-mail and posted on the course web page. You should check your e-mail or the web page at least once between class sessions, preferably the day before. Some assignments may require the use of the internet.

A Note About Office Hours

In the event that I need to miss an office hour, I will notify you of that fact as soon as practicable either in class or by e-mail/web. I will offer additional office hours to make up for any that are missed.

Office hours are an important part of the instructor/student dynamic. You are encouraged to make use of them. In order to make the best use of your time and mine, you are encouraged to attempt to work the problems or other material on your own first. If you have made a good attempt and are still stuck, don't wait until it is too late and don't waste time spinning your wheels.

Graduate students are especially encouraged to see me during office hours to discuss general questions and research projects.

One final note: I know that many of you work and may need to see me immediately before class. If so, just let me know and I can certainly extend my hours if necessary. Ordinarily, however, I reserve the half hour before class to grab a bite to eat and get prepared for class.

Goals and Objectives

The catalog description for this course is as follows.

An analysis of the fundamental economic principles, forces and government policies which determine the economic relations between countries under changing world conditions.

The focus of this course is broader than what people typically think of as international business, though concepts of international business are certainly present in the course. This course is also not a rigorous treatment of international economic theory—we have a separate course for that. Furthermore, it is not a course on international politics, though it is hard to ignore the political side of these issues and they will be addressed when appropriate. Yet, while this course does not fit into any one specific category mentioned above, it draws heavily from those areas to fill a void that is left when one studies those concepts in isolation. We will seek to explore the relationships between economic theory, business practice, and domestic and international politics. It is in that nexus where this course lives. We will begin with some lectures on basic economic theory and then take up a set of readings that illustrate those theories put into practice.

The goals and objectives listed below represent *specific* key points around which this particular course is organized. These points represent areas which will be covered by homeworks and exams. By the end of the course, you should be able to

- Identify and explain the basic models used in international economics

- Explain why the basic models predict that free trade has positive net benefits.
- Explain the winners and losers from free trade and the political economy of trade protection.
- Explain some of the social issues connected to globalization.
- Have a working knowledge of the history and present structure of the international financial system.
- Explain the choice faced by countries in determining their currency system (i.e. fixed vs. floating exchange rates).
- Explain what is meant by the “trilemma”.
- Discuss the role of emerging markets in the international financial system.

Attendance policy

Attendance is mandatory for exam days, but not for regular class sessions. However, you are responsible for any material covered on days you do not attend. Even though I do not formally take attendance, a pattern of absences is easily noticed in a small class like this, and if absences interfere with your performance in the class, your program adviser will be notified.

Homework

Homework will be assigned from time to time. The homework assignments are meant to give you practice in doing the kind of problems that will be on the exams and will consist of problems related to the models discussed in class and short issue based essay questions. Each homework assignment is equally weighted and scored on a scale of 0 to 100. Your homework score accounts for 20% of your course grade.

Exam/Paper

There is one midterm exam and a final paper. The midterm exam will be on **Monday, July 2** and will consist of questions related to the models set forth in the first part of the course as well as essay questions related to the readings. The exam accounts for 35% of your course grade.

The final paper is on a topic of your choice either related to the readings or an international economic topic outside the course readings. Your topic must be approved by me on or before July 2. The paper is due on the last day of class, **Wednesday, July 25**. On that day, we will have a discussion of your papers. Participation in the final discussion accounts for 10% of your course grade, and the paper itself accounts for 35% of your course grade.

Makeup exams and other exam policies

Makeup exams are given when there is an acceptable excuse for missing the exam. Written documentation is required. Serious illness and University sponsored activities are examples of acceptable excuses. Oversleeping or not being prepared are not acceptable excuses. You are expected to contact me at the earliest possible opportunity so that we can discuss the acceptability of your excuse and the type of documentation required. Simply not showing up for the exam and asking about the acceptability of the excuse and the type of documentation required may result in a zero for the exam.

You are expected to be at the exam at the start of the class period. Latecomers without an acceptable excuse will ordinarily be allowed to sit for the exam but will not be given extra time. However, **no late arrivals will be allowed to sit for the exam if any student has already completed the exam and left the classroom.** Calculators without text capability are allowed for exams. If you have any question about whether your calculator is acceptable for exams, please ask me *before the exam day*. Cell phone calculators are not allowed.

Exams are closed book/notes. Please keep any books or notes out of sight during the exam and refrain from talking your classmates.

Grades

Each graded component of the course is graded on a scale of 0 to 100 and then weighted by the appropriate percentage in determining your final grade. Each homework assignment is equally weighted and together they will account for 20%. The exam and paper are each worth 35%, and the final discussion is worth 10%. You can determine your course grade (on a 100 point scale) by the following formula:

$$\text{Grade} = 0.2(\text{Average Homework Score}) + 0.35(\text{Exam} + \text{Paper}) + 0.1(\text{Final Discussion})$$

Your letter grade is determined by the following table. Class participation can help you in borderline cases—if you are less than 1% away from a higher grade. If you have any questions about your grade at any time, please see me.

A	80 points or more (80%)
B	70-79 points (70%)
C	60-69 points (60%)
D	50-59 points (50%)
F	less than 50 points

Topical Schedule

The instructor reserves the right to modify the schedule as necessary.

- Introduction to international economics—Smith and Ricardo
- Supply and demand analysis of international trade and protection (tariffs, quotas)
- Other simple models of trade and their implications

- Readings on trade, protectionism, and the WTO
- Readings on development and globalization
- Midterm exam
- Historical background of the international financial system
- Choice of exchange rate regimes and the “trilemma”
- Current issues in international monetary economics, including financial crises
- Other topics to be determined as time permits

In accordance with University policy and the Americans with Disabilities Act (ADA), academic accommodations may be made for any student who notifies the instructor of the need for an accommodation. For your instructor to provide you accommodation, you must request documentation of the need for an accommodation through Disability Support Services and provide it to your instructor. It is imperative that you take the initiative to bring such needs to the instructor’s attention, as he/she is not legally permitted to inquire about such particular needs of students. Students who may require special assistance in emergency evacuations (i.e. fire, tornado, etc.) should contact the instructor as to the most appropriate procedures to follow in such an emergency. Contact Disability Support Services at 298-2512 for additional services. (<http://www.student.services.wiu.edu/dss/>)

Student Rights and Responsibilities Web Page: <http://www.wiu.edu/provost/student/>