

**SAM HOUSTON STATE UNIVERSITY
COLLEGE OF BUSINESS ADMINISTRATION
Department of Economics and International Business**

Course Syllabus

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|-----------------------|----------------------------|---------------------------------|
| COURSE NUMBER: | Economics 480 | Spring, 2008 |
| COURSE TITLE: | International Economics | |
| PREREQUISITES: | Economics 230 or 233 | |
| INSTRUCTOR: | William B. Green | OFFICE: 232 Smith-Hutson |
| OFFICE HRS: | 1:30-4:30 M-Th or by appt. | E-MAIL: Green@SHSU.EDU |

REQUIRED TEXTS:

- Dominick Salvatore, *International Economics*, 9th Edition, John Wiley & Sons, Inc., 2007
ISBN 978-0-471-79468-4
- *Wall Street Journal* – Free copies are available in the east foyer of the Smith-Hutson building near the Mafrige Auditorium.

SUGGESTED SUPPLEMENTS:

- *The Economist* – To subscribe at the student rate, go to <http://www.economistacademic.com> The faculty ID# you need to enter is 4412 The subscription rates are \$79 for 51 weeks, \$39.90 for 25 weeks and \$19.95 for 12 weeks. The regular subscription rate is \$129 for 51 weeks and the newsstand price is \$4.95 a week.

WEB SITE INFORMATION:

- Course information, exam grades, practice essay questions, and linkages to other sources of information and help can be found at: <http://www.shsu.edu> Use **Fast Links** or click on **Blackboard** and connect to **Blackboard**. Log-in by entering your **STD Username** and your **Password** (the last six digits in your social security number).

COURSE DESCRIPTION: Economic concepts and analytical tools relating to international economics; examine foreign exchange markets and the theory of balance-of-payments adjustments; examine commercial policy as it relates to international trade; examine the role of international financial institutions.

COURSE OBJECTIVES: International trade and international finance occupy financial headlines to the point that to understand what is happening in the world today we must look beyond domestic concerns to the world market. Most Americans, however, have only a limited knowledge and understanding of the world economy. Recognizing this limitation, the primary objective of this course provide the student with a clear exposition of the theory and principles of international economics that are essential for understanding, evaluating, and suggesting solutions to the important international economic problems and issues facing the United States today and that the country and world will probably face in the coming years. After successfully completing this course, the student will have learned:

1. The extent and nature of international commercial transactions;
2. The basic theoretical aspects of international trade theory and policy;
3. The fundamentals operations of the international payments mechanism;

4. To use simple analytical tools to study international economics issues and to understand future events as they occur; and
5. More in-depth knowledge and understanding of an international economics topic, of their choosing, through independent reading, study, and writing.

COURSE EVALUATION: During the semester there will four (4) exams (including the final). Each exam will be weighted equally with a maximum point value of 100 points.

Examinations will typically be a combination of multiple-choice, essay, and/or problem oriented questions. The questions will come primarily from material covered in class, but some questions may cover material from assigned reading not specifically covered in class.

| | |
|---------------|-----|
| Exams I - III | 60% |
| Final Exam | 20% |
| Paper | 20% |

PAPER: Each student will be expected to prepare type-written paper on an international trade related topic. The paper is expected to be from six (6) to ten (10) pages in length (using 1.5 line spacing). A list of suggestions will be provided within the next few weeks. This list should not be viewed as the only acceptable topics. However, each student should get approval from the instructor on any topic **not** included on the list **prior** to beginning your research. The paper must be turned in no later than **April 24**. Late papers will be accepted, but a **five (5) point penalty will be assessed for each calendar day the paper is late**. The paper has a maximum point value of 100 points. The paper must be completed to achieve a passing grade in the course. **Failure to turn in a paper will result in an "F" grade for the course, regardless of how many points are scored on examinations.**

GRADING:

Semester grades will be calculated on the following basis:

| | |
|-----|----------------|
| A = | 90% (450 pts.) |
| B = | 80% (400 pts.) |
| C = | 70% (350 pts.) |
| D = | 60% (300 pts.) |

ON-TIME ATTENDANCE POLICY: Attendance will be checked at each class meeting. Three hours of absences (2 TTh Day Classes) are allowed, so long as the absences do not occur on examination days or when other assigned work is due. **Students not on-time and in their assigned seat when attendance is taken you will be counted as “tardy,” if they make their presence known to me before leaving the class.** The first two times a student is tardy, each tardy will count as one-half (1/2) absence. **After a student is tardy twice, each tardy will be counted as an “absence.” Since these are “bonus” points the “only” excused absence is for University related activities.** Bonus points for attendance can be earned on the following basis:

| <u>Absences</u> | <u>Bonus Points</u> |
|-----------------|---------------------|
| 0-2 | 25 pts. |
| 3 | 20 pts. |
| 4 | 15 pts. |
| 5 | 10 pts. |
| 6 | 5 pts. |
| 7+ | 0 pts. |

STUDENTS TAKING THIS COURSE FOR GRADUATE CREDIT: To provide students with more flexibility in tailoring the MBA and the MS in Finance to their needs, a maximum of two 400-level undergraduate courses may be used as electives. To receive graduate credit for this course an MBA student must get approval from the graduate coordinator and the course professor **prior** to enrolling in this course. Additionally, an **extra paper** is required to elevate the course to graduate level standards. This paper is expected to be eight (8) to ten (10) pages long on an international trade or international finance topic that is approved by the course instructor. The paper must be submitted at least one week prior to the last class meeting of the semester (**May 6**). The paper will be weighted for course evaluation purposes like an additional 100 point examination.

EVALUATION OF STUDENTS TAKING THE COURSE FOR GRADUATE CREDIT:

| | |
|---------------|--------|
| Exams I - III | 50% |
| Final Exam | 16.67% |
| Term Paper(s) | 33.33% |

Semester grades for student taking this course for **graduate credit** will be calculated on the following basis:

| | |
|-----|------------------------------------|
| A = | 90% (540 pts.) |
| B = | 80% (480 pts.) |
| C = | 70% (420 pts.) |
| F = | Less than 70% (Less than 420 pts.) |

STUDENT SYLLABUS GUIDELINES: You may find online a more detailed description of the following policies. These guidelines will also provide you with a link to the specific university policy or procedure:

<http://www.shsu.edu/syllabus/>

ACADEMIC DISHONESTY: Students are expected to maintain honesty and integrity in the academic experiences both in and out of the classroom. *See Student Syllabus Guidelines.*

CLASSROOM RULES OF CONDUCT: Students are expected to assist in maintaining a classroom environment that is conducive to learning. Students are to treat faculty and students with respect. Students are to turn off all cell phones while in the classroom. Under no circumstances are cell phones or any electronic devices to be used or seen during times of examination. Students may tape record lectures provided they do not disturb other students in the process.

STUDENT ABSENCES ON RELIGIOUS HOLY DAYS: Students are allowed to miss class and other required activities, including examinations, for the observance of a religious holy day, including travel for that purpose. Students remain responsible for all work. *See Student Syllabus Guidelines.*

DISABLED STUDENT POLICY: It is the policy of Sam Houston State University that individuals otherwise qualified shall not be excluded, solely by reason of their disability, from participation in any academic program of the university. Further, they shall not be denied the benefits of these programs nor shall they be subjected to discrimination. Students with disabilities that might affect their academic performance should visit with the Office of Services for Students with Disabilities located in the Counseling Center. *See Student Syllabus Guidelines.*

VISITORS IN THE CLASSROOM: Only registered students may attend class. Exceptions can be made on a case-by-case basis by the professor. In all cases, visitors must not present a disruption to the class by their attendance. Students wishing to audit a class must apply to do so through the Registrar's Office.

OTHER CLASS POLICIES:

- NO FOOD, DRINKS, OR DIPPING IN THE CLASSROOM.
- HATS MAY BE WORN DURING EXAMINATIONS ONLY IF THE BILL OF THE CAP IS TURN TOWARD THE BACK OF THE STUDENTS HEAD.

INTERNATIONAL ECONOMICS
Course Outline

Shown below is an attempt to forecast what material will be covered at each class meeting. It is the responsibility of each student to have read, prior to class, the material assigned for each class meeting.

| | Date | Class Assignment | Chapter | |
|-----------|-------------|--|---------------------------------|----|
| January | 17 | Introduction to International Trade | 1 | |
| | 21 | Introduction to International Trade | 1 | |
| | 24 | Trade Theory – Comparative Advantage | 2 | |
| | 29 | Trade Theory – Comparative Advantage | 2 | |
| | 31 | The Standard Trade Model | 3 | |
| February | 5 | The Standard Trade Model | 3 | |
| | 7 | The Standard Trade Model | 3 | |
| | 12 | FIRST EXAMINATION | | |
| | 14 | Demand/Supply, Offer Curves, Terms of Trade | 4 | |
| | 19 | Demand/Supply, Offer Curves, Terms of Trade | 4 | |
| | 21 | Factor Endowments and Heckscher-Ohlin Theory | 5 | |
| | 26 | Factor Endowments and Heckscher-Ohlin Theory | 5 | |
| | 28 | Trade Restrictions -- Tariffs | 8 | |
| | March | 4 | Trade Restrictions -- Tariffs | 8 |
| | | 6 | SECOND EXAMINATION | |
| 7 | | Q-Day | | |
| 11 | | SPRING BREAK | | |
| 13 | | SPRING BREAK | | |
| 18 | | Non-Tariff Barriers | 9 | |
| 20 | | Non-Tariff Barriers | 9 | |
| 25 | | Economic Integration | 10 | |
| 27 | | Economic Integration | 10 | |
| April | | 1 | International Resource Movement | 12 |
| | 3 | International Resource Movement | 12 | |
| | 8 | The Balance of Payments | 13 | |
| | 10 | The Balance of Payments | 13 | |
| | 15 | THIRD EXAMINATION | | |
| | 17 | The Foreign Exchange Market | 14 | |
| | 22 | The Foreign Exchange Market | 14 | |
| | 24 | Exchange Rate Determination | 15 | |
| | Date | Class Assignment | Chapter | |

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|-----|-----------|---|----|
| | 29 | Exchange Rate Determination | 15 |
| May | 1 | Price Adjustment with Flexible Exchange Rates | 16 |
| | 6 | Price Adjustment with Flexible Exchange Rates | 16 |
| | 8 | Price Adjustment with Flexible Exchange Rates | 16 |
| | 15 | Final Examination (Thursday, 8:00-10:00) | |

INTERNATIONAL ECONOMICS
Economics 480
Suggested Paper Topics

This list should NOT be viewed as the only acceptable topics for your paper. Any topic dealing with some aspect of International Economics is potentially acceptable. **Please get your topic approved by the Instructor before writing the paper.** The paper must be turned in no later than **April 24** to receive full credit. Late papers will be accepted, but **five (5) points will be subtracted from the grade for each calendar day the paper is late.** Papers should be six (6) to ten (10) typewritten pages in length (using 1.5 line spacing) and each has a maximum point value of 100 pts.

- Should Congress extent trade promotion authority to the President?
- How do some of the new foreign exchange “products” such as “streaming prices for foreign exchange indexes,” “non-deliverable forwards,” “currency baskets,” “currency-exchange-traded funds.”
- Should the U.S. be concerned with China as a “trade threat”?
- Discuss the successes and failures of the Doha Round.
- What are the intellectual property issues that must be reconciled as part of the Doha Round of trade negotiations?
- What are the agricultural issues that are hindering the Doha Round?
- How concerned should the U.S. be with “outsourcing”?
- What are the costs and benefits of a “currency union”?
- Is there a relationship between economic freedom and terrorism?
- Are environmentalism and free trade mutually exclusive?
- Does free trade require a treaty?
- Do we need a strategic trade policy?
- What are the Non Governmental Organizations scattered around the world fighting “free trade” (anti-globalization) trying to achieve?
- Can we introduce “value systems” into the way we resolve “trade” issues in the WTO?
- What is a “Foreign Sales Corporation” and might this entity create a trade war with the EU?
- Is “free trade” to important a topic to be left to the economists?
- How will membership in the WTO impact China?
- Explain the major policies adopted concerning non-tariff trade barriers under the Tokyo Round of trade negotiations and under the Uruguay Round.
- Has protectionism become “green”?
- Is immigration hurting the U.S. economy?
- How much to trade laws cost the American consumer?
- Should the Banana Agreement be dismantled?

- What are the problems with the "Trade Remedy" laws?
- Does the Department of Commerce really promote international trade or just exports?
- What are the effects of intangible barriers to trade, such as product standards, testing procedures, government procurement practices, and distribution systems? Do such barriers violate the spirit of the WTO?
- Can the federal government create a comparative advantage through support programs?
- What are Variable Import Levies and what is the impact of having such levies as part of the European Unions Common Agricultural Policy?
- Does the world need to go back to fixed exchange rates?
- The "Super 301" clause of the Omnibus Trade and Competitiveness Act of 1988.
- A "rule-based" trade policy.
- A "results-based" trade policy.
- The "new reciprocity" approach to trade policy.

