International Economic Policy, Econ 3403, 
Instructor: Kishore G. Kulkarni, Ph.D., 
Office Location: 202 Economics Building, 
Office Hours: Mon-Wednesdays 10.30 to 11.30 A.M. and by appointments. Questions can be resolved by calling 492-7740 on Mon Wednesday mornings and by calling 556-2675 on Tues, Thursday mornings.


Course Objective: This course plans to provide introduction to preliminary international trade and finance theories. It starts with simple theoretical explanations of why countries trade with one another and then considers more complex issues like the tariff policy options and their effects on the economy. A small sketch of tariff policy in the U.S. is also considered. The second half deals with the definition of the U.S, Balance of payment accounts, theories of exchange rate determination, effects of exchange rate changes on the economy in general, and macroeconomic policy effects in an open economy setting. A separate handout describes the exact list of chapters to be covered.

The grades would depend upon the absolute performances in seven exams including the final. Generally speaking a score of 90% guarantees an A grade, 80% a B grade and 70% a C grade. For whatever reason, if you cannot score half of the total possible points then a F grade is unavoidable. This class relies on the background of Principles of Microeconomics and Macroeconomics. Some algebra and a lot of graphs are used to make explanations easier. Asking questions is encouraged and many times is reciprocated. Rules of common courtesy are strictly followed in the class. Do not be late for the class, do not speak to your neighbors when the class is in progress and be attentive to answer questions if asked. Have a wonderful semester!
List of Chapters to be Covered in International Economic Policy Class


Topic 3: Chapter 5 and Chapter 7, Review for Exam 2. Leontief paradox, and other explanations of trade.

Topic 4: Chapter 9, Theory of tariff and the Economics Consequences of import tariff in small and large country

Topic 5: Complete Chapter 9, and Review for Examination 3, Optimum tariff, and other considerations.


Topic 7: Chapter 14, Chapter 15 and Examination 5, Goods market and the derivation of the IS curve. Money market in an open economy setting and LM curve.

Topic 8: Chapter 16 Money market in an open economy setting and the LM curve, Macroeconomic policy effectiveness in open economy.

Topic 9: Chapter 17 Macroeconomic policy under flexible exchange rate, Effectiveness of the Policies under Fixed and Flexible Exchange Rate Systems, Review etc.