

Economics 3403
International Economics and Policy
Spring 2014

Instructor: Billy Mertens
Office: ECON 12
E-mail: mertens@colorado.edu
Web: <https://learn.colorado.edu/>
Office Hours: Tues. 10:50-12:15, 3:20-5:05; Thurs. 10:50-12:15; Fridays by appointment.
TA: Alex Kormendi (PhD); Email: Alex.Kormendi@colorado.edu

Course Description:

In this course, we will study the theories, policies, and institutions of international trade and finance. The economic, political, and social forces underlying many of the issues involved in international economics are complex, multi-faceted, and dynamic. They cannot be fully or easily analyzed in a professional lifetime, much less a one-semester course. They do, however, lend themselves extremely well to critical thinking and rational inquiry, which are the guiding principles of this course. Our goal is to become and remain informed about issues related to international economics and, even more importantly, acquire the ability to think about complex issues in a logical objective manner. Thinking critically is what permits us to differentiate between the illogical and the sensible, between the misleading use of statistics, misleading anecdotal evidence, and the reasonable presentation of information and valid statistics.

We will use several different models to analyze the different topics covered. These models are based largely on diagrams and some mathematics. You will be given problem sets as well as other tools that will be instrumental in your preparation for exams. I will cover all necessary material to complete these problem sets and prepare for exams in class. The text is helpful in understanding many of the topics we will cover, but it will not help you at all for other topics and **you should not rely on it as your primary source of information**. I will post some summary outlines on the course website, **but these notes and the book are meant to complement what you learn in class – they are not substitutes for lecture materials!**

Policy on Cheating:

If you are found to have violated the honor code (see below), by both myself and the honor code council, you will automatically fail the course!

Prerequisites:

Students must have completed ECON 2010 and ECON 2020. It is NOT sufficient to take these courses concurrently. I assume that you did not only take these classes, **but also that you understand and remember the content.** The prerequisites must be strictly enforced.

Emails:

Because of the large class size, having to read through excessive and often frivolous emails can take time away from other students' serious concerns. So please try to avoid emailing me questions for which you already have access to the answer (e.g. questions that are answered in the syllabus).

Text:

We will be using a customized text that you can find at the bookstore under Econ 3403.

Class Format:

This class will be slightly different from many of your usual classes. Some terms for our class format might be “relatively learner-centered” or “semi-rotated”. Research on learning supports the use of these systems, and if I were to ignore them, I would be utilizing outdated and even defective teaching methods. For example, current research demonstrates that repetition helps strengthen neuronetworks and thus, increases long-term learning. Frequent problem solving, reviews and cumulative exams are all effective methods of beneficial repetition. Other research-backed effective systems are outlined below.

Learning systems:

1. Lecturing: explaining difficult material not easily learned on your own with text, groups, etc.
2. Exams: exams should be learning tools as well as assessment tools! We will go over each exam in depth in class. Reviewing exams is one area where in-class discussion and explanation are most effective. Just reading answers on a key has been shown to be one of the worst ways to learn material. Therefore, exam reviews will be the one area of class where no notes, associated pictures or keys will be posted.
3. Group scholarship: we will work some practice problems in groups, which can help your understanding of the material whether you already understand it fairly well, or are struggling a bit. I will announce the days for these problems at least a week in advance. Unexcused absences from in-class problems will significantly lower your grade!
4. Self-study: reading the text and solving homework problems.

Assessment systems:

1. Presentation of group problems: your grade here will depend on your being present to help your group for every day we do in-class problems, and on one randomly drawn person from your group demonstrating the problem effectively. Some people are very averse to speaking in front of a large class and/or to relying on others for a part of their grade. Therefore, using these problems as a part of your grade is optional.
2. Frequent problem sets: there will be 10 total problem sets (each worth 1% of your grade). Due dates will be posted in D2L. These are to be turned in to your TA on the date due.
3. Cumulative Exams: shown to improve learning more than virtually every other technique. As noted above, exams are a part of the learning process, not just a part of assessment – we will go over every exam (except, unfortunately, the final) in class. *It is important to review and relearn the material as we build upon that information. This increases long-term learning!* There will be five exams and a cumulative final. All exams are cumulative, and the material does build on itself so it is important to understand all of the concepts as we go.
4. Exam options: in this class, I emphasize critical thinking, problem-solving, and analysis of information. I try to avoid simply lecturing about “factoids” that might relate to international economics. While factoids and anecdotes may be entertaining, you can get nearly all of that type of information online – google it! Determining which types of information are relevant (or even true), is much more important. Therefore, you have two options of the types of exams you may take. These options are
 - a. Traditional, closed book, closed notes, no phones, etc. exams.
 - b. “Open exams”: here you may use anything except the help of another person. You may use notes, books, and even the internet. You can google it!

The time limits will be strictly enforced no matter which type of exam you are taking!

Exams will be given in class on the days listed. If you miss an exam with a valid excuse (e.g. a note from your doctor or Wardenburg), then the weight of your final will be increased. Undocumented illnesses do not count as valid excuses (as long as this is not in conflict with a University policy).

Note that the exam dates below are not tentative – exams will be given in class on the days listed.

NO EXAMS WILL BE DROPPED!!

Grading System I:

| | |
|-------------------------|-----|
| Preliminary Quiz | 2% |
| Group In-class Problems | 8% |
| Problem Sets (1% each) | 10% |
| Exam I (35min) | 7% |
| Exam II (45min) | 9% |
| Exam III (60min) | 12% |
| Exam IV (75min) | 15% |
| Exam V (75min) | 15% |
| Final Exam | 22% |

Grading System II:

| | |
|------------------------|-----|
| Preliminary Quiz | 2% |
| Problem Sets (1% each) | 10% |
| Exam I (35min) | 7% |
| Exam II (45min) | 9% |
| Exam III (60min) | 12% |
| Exam IV (75min) | 15% |
| Exam V (75min) | 15% |
| Final Exam | 30% |

You must notify me in advance of the first group in-class assignment if you wish to be graded by system II.

Grading Disputes:

If you have a grading dispute, see your TA. If you cannot resolve the dispute with your TA, then your TA will contact me. Do NOT email me about a grading dispute.

If you have a dispute on a test, then you must put your issue in writing and submit it to your TA. Subsequently, your entire exam will be regraded. Do NOT email me about a grading dispute – grades cannot be discussed over email and I cannot respond to any grading questions over email!

Incompletes, Extra Credit, etc.:

I adhere strictly to the University guidelines on Incompletes (“An I is given only when students, *beyond their control*, have been unable to complete course requirements. A substantial amount of work must have been *satisfactorily completed* before approval for such a grade is completed.”). Bad grades, unsatisfactory performance, too many credit hours, work conflicts, etc. are not reasons for an incomplete.

I am adamant about giving each student an equal opportunity to perform well in the course, so there will be no extra credit opportunities that are not offered to the entire class. You should focus your efforts on learning the material and doing well on the exams.

Tentative Course Schedule:

Introduction, Review

Prelim quiz on 1/23

General Equilibrium Modeling

The Classical/Ricardian Trade Model

Exam 1: Tuesday, February 4th.

The Heckscher-Ohlin Model

The Specific Factors Model

Evidence and Other Reasons for Trade

Exam 2: Thursday, February 20th.

Tariffs

Non-tariff Barriers

Other Commercial Policies and issues

Exam 3: Thursday, March 11th.

Preferential Trade Arrangements

Public Choice and International Trade

Exam 4: Tuesday, April 8th.

Foreign Exchange Markets, Prices and Exchange Rates

Interest Rates and Interest Parity

Exam 5: Thursday, April 24th.

Foreign Direct Investment and MNEs

Cumulative Final Exam: Tuesday, May 6th at 4:30pm (usual room).

If you have three or more final exams scheduled on the same day, you are entitled to arrange an alternative exam time for the **last** exam or exams scheduled on that day. To qualify for rescheduling final exam times, you must provide evidence that you have three or more exams on the same day, and arrangements must be made with your instructor no later than the end of the sixth week of the semester (Friday, February 21st).

Additional Policy:

Material from a Missed Lecture: If you miss a lecture-based class, you are responsible for obtaining notes from a classmate and reading the relevant material in the textbook. I encourage you to come to my office hours to discuss the material you missed, but only after you have reviewed the relevant material and prepared specific questions.

Grading Scale:

| <u>Your score</u> | <u>Grade</u> |
|-------------------|--------------|
| 92% to 100% | A |
| 90% to 91% | A- |
| 88% to 89% | B+ |
| 82% to 87% | B |
| 80% to 81% | B- |
| 78% to 79% | C+ |
| 72% to 77% | C |
| 70% to 71% | C- |
| 68% to 69% | D+ |
| 62% to 67% | D |
| 60% to 61% | D- |
| Below 59.5% | F |

Additional University Policies:

University policies regarding classroom behavior are available at

<http://www.colorado.edu/policies/classbehavior.html> and at

http://www.colorado.edu/studentaffairs/judicialaffairs/code.html#student_code

Information regarding the University Honor Code is available at

<http://www.colorado.edu/policies/honor.html> and at

<http://www.colorado.edu/academics/honorcode>. The Honor Code Council can be contacted by email at honor@colorado.edu or by telephone at 303-725-2273.

University policies regarding disabilities are available at

<http://www.colorado.edu/disabilityservices>. Disability Services can be contacted by telephone at 303-492-8671, or in person at Willard 322.

University policies regarding religious practice are available at

http://www.colorado.edu/policies/fac_relig.html.

University policies regarding Sexual Harassment and Amorous Relationships are available at <http://www.colorado.edu/odh/>. The Office of Discrimination and Harassment can be reached by telephone at 303-492-2127. The Office of Judicial Affairs can be reached at 303-492-5550.

Any University policies that are in conflict with my own policies will supersede my policy!