

Economics 3403  
International Economics and Policy  
Fall 2008

**Professor:** Billy Mertens  
**Office:** ECON 12  
**E-mail:** [mertens@colorado.edu](mailto:mertens@colorado.edu)  
**Web:** <http://spot.colorado.edu/~mertens>  
**Office Hours:** TR 12:20-1:35pm; F 10am-12pm; and by appointment.

**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.

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 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 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!**

**Prerequisites:**

Students must have completed ECON 2010 and ECON 2020, or have completed ECON 1000. It is NOT sufficient to take these courses concurrently. I assume that you did not only take the class(es), 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).

**Exams:**

There will be four exams and a cumulative final. Exams are not cumulative (other than the final), but the material does build on itself so it is important to understand all of the concepts as we go. **Exams will be given in class on the days listed. If you miss an exam, then the weight of your final will be increased. Note that the exam dates below are not tentative – exams will be given in class on the days listed. NO EXAMS WILL BE DROPPED!!**

**Clicker Points:**

We will use “clickers” during lectures to answer questions as we cover the material. Much more information on clickers can be found [here](#).

**Grading:**

Clicker Points	8%
Problem Sets (2% each)	8%
In-class Exams (16% each)	64%
Final Exam	20%

**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 IF 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.”). Economics department policy prohibits IWs. 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

General Equilibrium Modeling

The Classical/Ricardian Trade Model

The Heckscher-Ohlin Model

***Exam 1: Thursday, September 18<sup>th</sup>***

The Specific Factors Model

Evidence and Other Reasons for Trade

Tariffs

***Exam 2: Tuesday, October 14<sup>th</sup>***

Non-tariff Barriers

Other Commercial Policies and issues

Public Choice and International Trade

Preferential Trade Arrangements

Trade Institutions (if time)

***Exam 3: Thursday, November 6<sup>th</sup>***

Foreign Exchange Markets

Prices and Exchange Rates

Interest Rates and Interest Parity

Interest Rates, Exchange Rates, NCO and NX

Foreign Direct Investment and MNEs

***Exam 4: Thursday, December 4<sup>th</sup>***

***Cumulative Final Exam: Tuesday, December 16<sup>th</sup> at 1:30pm***

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, October 3, 2008).

**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 Notes:**

*Honor Code*

All students of the University of Colorado at Boulder are responsible for knowing and adhering to the academic integrity policy of this institution. Violations of this policy may include: cheating, plagiarism, aid of academic dishonesty, fabrication, lying, bribery, and threatening behavior. All incidents of academic misconduct shall be reported to the Honor Code Council (honor@colorado.edu; 303-725-2273). Students who are found to be in violation of the academic integrity policy will be subject to both academic sanctions from the faculty member and non-academic sanctions (including but not limited to university probation, suspension, or expulsion). Additional information on the Honor Code can be found at <http://www.colorado.edu/policies/honor.html> and at <http://www.colorado.edu/academics/honorcode>

*Disabilities*

If you qualify for accommodations because of a disability, please submit a letter to the instructor from Disability Services in a timely manner so that your needs may be addressed. Disability Services determines accommodations based on documented disabilities. Contact: 303-492-8671, Willard 322, or [www.Colorado.EDU/disabilityservices](http://www.Colorado.EDU/disabilityservices)

*Religious holidays*

A comprehensive calendar of the religious holidays most commonly observed by CU-Boulder students can be found at <http://www.interfaithcalendar.org/> Review this list and the class syllabus. After reviewing the syllabus, please see the instructor if you believe that you need an accommodation for religious reasons. The instructor should be notified within the first two weeks of classes. Campus policy regarding religious observances states that faculty must make *reasonable* accommodation for them and in so doing, be careful not to inhibit or penalize those students who are exercising their rights to religious observance. For more information see [http://www.colorado.edu/policies/fac\\_relig.html](http://www.colorado.edu/policies/fac_relig.html)

### *Code of Behavior*

Students and faculty each have responsibility for maintaining an appropriate learning environment. Students who fail to adhere to behavioral standards may be subject to discipline. Faculty have the professional responsibility to treat students with understanding, dignity and respect, to guide classroom discussion and to set reasonable limits on the manner in which students express opinions. See policies at <http://www.colorado.edu/policies/classbehavior.html> and at [http://www.colorado.edu/studentaffairs/judicialaffairs/code.html#student\\_code](http://www.colorado.edu/studentaffairs/judicialaffairs/code.html#student_code)

### *Policy on Sexual Harassment*

The University of Colorado Policy on Sexual Harassment applies to all students, staff and faculty.

Sexual harassment is unwelcome sexual attention. It can involve intimidation, threats, coercion, or promises or create an environment that is hostile or offensive. Harassment may occur between members of the same or opposite gender and between any combination of members in the campus community: students, faculty, staff, and administrators. Harassment can occur anywhere on campus, including the classroom, the workplace, or a residence hall. Any student, staff or faculty member who believes s/he has been sexually harassed should contact the Office of Sexual Harassment (OSH) at 303-492-2127 or the Office of Judicial Affairs at 303-492-5550.

Information about the OSH and the campus resources available to assist individuals who believe they have been sexually harassed can be obtained at:

<http://www.colorado.edu/sexualharassment/>