

American University
SIS-616-002, Fall 2019
Mondays, 5:30-8:00PM

INTERNATIONAL ECONOMICS

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International Economic Relations and International Economics Programs

Office hours (SIS #220): Mondays, 3:15-5:15 PM

and by prior appointment

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Course Description

International economics involves the application of the principles of micro- and macroeconomics to countries that are increasingly open to trade and capital flows across borders.

It covers why international trade in goods and services takes place and what are its many consequences; the motivation for and impact of barriers to trade; the pros and cons of joining trade blocs and of imposing trade or financial sanctions; the contribution that international commerce makes to the economic development process; the role played by multinational companies specifically, and foreign investors generally; the conventional accounting of cross-border trade and financial transactions; the workings of the foreign exchange market; the rationale behind, and impact of, different exchange-rate policy regimes; the underlying reasons for international financial crises; and the policy implications of the interplay between international and domestic macroeconomic forces under different exchange-rate regimes.

The course is a highly useful, stand-alone introduction to the subject for all students of international affairs and is the gateway course to the field of International Economic Relations (IER), and thus the prerequisite for taking "International Trade Relations" (SIS-665), "International Financial Relations" (SIS-666), "International Political Economy" (SIS-751), and other elective courses within SIS.

The learning objectives of this course, which will be tested in various ways, are to enhance your understanding of the essential vocabulary, analytical tools, theoretical principles, practical applications, and economic policy implications of both international trade and international finance. The expected learning outcomes are the ability to apply concepts and theories from international economics and political economy to explain trends and illuminate policy issues in the global economy, and the sharpening of your analytical and problem-solving skills, as demonstrated in multiple-choice examinations and the completion of homework assignments involving Excel.

Course Requirements and Grading

The course assumes that you have taken fairly recently a year-long sequence of micro- and macroeconomics, or at the very least the refresher/remedial course ECON-603 or an equivalent, and that you know basic economic concepts and analytical tools – or are willing to relearn them on your own by studying from standard textbooks. The course emphasizes and tests for the intuitive understanding and application of economic concepts, rather than the mastering of any mathematical or statistical techniques.

This is a lecture course, but your participation in the form of comments and questions is welcome, even though class participation is not graded. **The required textbook**, which will be read pretty much cover-to-cover, is *International Economics* by Thomas A. Pugel (New York: McGraw-Hill/Irwin, 2019), 17th printed (loose-leaf) or online edition. Prior editions of the textbook may be used but at students' own risk, namely, use of an older edition is not a valid excuse for any performance disappointments. Those who prepare themselves ahead of attending the lectures, by studying the textbook chapters and supplementary readings, tend to do well in the quizzes and exams.

The final grade distribution will be curved to reflect the performance of the class. The top-scoring students will be eligible for an "A" or "A-" letter grade; those scoring somewhat above, at, or somewhat below the median – most students – will be assigned a grade in the "B+" to "B-" range; and those (usually few students) scoring substantially below the median will receive a lower final grade (e.g., "C+" or "C").

The course requirements are, **first**, thirteen (13) weekly multiple-choice quizzes containing a total of one-hundred (100) questions, administered via Blackboard and taken on your own ahead of specified deadlines. The quizzes account for 20% of the total class score. The purpose of these quizzes is to complement your understanding of textbook chapters, lectures and supplementary materials, as well as to help you prepare for the exams. Students who do well in the quizzes tend to do well in the exams.

The **second** course requirement is made up of two (2) assignments which involve data downloading, manipulation and display using Excel. The assignments account for 20% of the total class score (10% each). The purpose of these assignments is to sharpen your analytical and empirical research skills. All the instructions for the assignments are posted on Blackboard, and the completed assignments are to be uploaded onto Blackboard. If you're not very handy with Excel and its formulas, start reading up on them, and practicing Excel on your own, even before the first week of classes.

And the **third** course requirement involves three (3) in-class, closed-book, non-cumulative, multiple-choice exams that together account for 60% of the final score (20% each). The purpose of these objective tests is to measure your understanding and application of the textbook materials and of the short supplementary readings. The highlights of these will be covered during the class lectures and in accompanying PowerPoint slides displayed in class and posted on Blackboard. Sheer memorization of the slides will not be sufficient to do well in the exams, because many questions will test

your analytical and problem-solving skills, and because not everything will be covered in class or the slides. Doing well on the weekly quizzes, as mentioned, helps a great deal.

Important Information for All Students

Standards of Academic Conduct: They are set forth in American University's Academic Integrity Code (AIC). By registering for this course, you acknowledge your awareness of the AIC, and you are obliged to become familiar with your rights and responsibilities as defined by the Code. Violations of the AIC will not be treated lightly, and disciplinary actions will be taken should violations occur. Please contact me if you have any questions about the academic violations described in the Code in general or as they relate to particular requirements for this course, and I encourage you to familiarize yourself with the AIC at www.american.edu/academics/integrity/code.cfm. Finally, please let me know if you become aware of any violations of the AIC by other students.

In the Event of an Emergency: AU will implement a plan for meeting the needs of all members of the university community. Should the university be required to close for a period of time, we are committed to ensuring that all aspects of our educational programs will be delivered to you. These may include altering and extending the duration of the traditional term schedule to complete essential instruction in the traditional format and/or use of distance instructional methods. Specific strategies will vary from class to class, depending on the format of the course and the timing of the emergency. I will communicate class-specific information to you via AU e-mail and/or Blackboard, and you are responsible for checking your AU email on a daily basis and for keeping yourself informed of any declared emergencies. Please refer to the AU Student Portal, the AU Web site www.american.edu/emergency and the AU information line at (202) 885-1100 for university-wide information.

AU provides numerous services to help students to be successful in their coursework: the Academic Support Center, the Counseling Center, Disability Support Services, the Writing Center and Writing Lab, and the Center for Diversity and Inclusion, most of which are located in the Mary Graydon Center (MGC).

Academic Support Center (x3360, MGC 243) offers study skills workshops, individual instruction, tutor referrals, Supplemental Instruction, and services for students with learning disabilities and ADHD. Writing support is available in the ASC Writing Lab or in the Writing Center. If you qualify for accommodations because of a disability, please notify me in a timely manner with a letter from the Academic Support Center or Disability Support Services so that we can make arrangements to address your needs.

Counseling Center (x3500, MGC 214) offers counseling and consultations regarding personal concerns, self-help information, and connections to off-campus mental health resources.

Disability Support Services (x3315, MGC 206) offers technical and practical support and assistance with accommodations for students with physical, medical, or psychological disabilities. If you qualify for accommodations because of a disability, please notify me

in a timely manner with a letter from the Academic Support Center or Disability Support Services so that we can make arrangements to address your needs.

Writing Center (x2991, Battelle-Tompkins 228) offers free, individual coaching sessions to all AU students. In your 45-minute session, a student writing consultant can help you address assignments, understand the conventions of academic writing, and learn how to revise and edit your own work. The Center offers appointments on the hour from 11 AM to 9 PM Monday through Thursday; 11 AM to 4 PM Friday, and 3 to 6 PM on Sundays.

Center for Diversity and Inclusion (x3651, MGC 2nd fl.) is dedicated to enhancing LGBTQ, Multicultural, First Generation, and Women's experiences on campus and to advance AU's commitment to respecting and valuing diversity by serving as a resource and liaison to students, staff, and faculty on issues of equity through education, outreach, and advocacy.

Schedule

If you want to maximize your learning and your performance in quizzes and exams, make sure that you do all the readings and study before attending each class.

Week #1: August 26: Theories of International Trade

Required reading: Pugel, Chapters 2 and 3 and any supplements on Blackboard.

September 2: No Class: Labor Day

Week #2: September 9: Theories of International Trade, cont'd

Required reading: Pugel, Chapters 4, 5 and 6 and any supplements on Blackboard.

Week #3: September 16: Trade Policies

Required reading: Pugel, Chapters 8 and 9 and any supplements on Blackboard.

Week #4: September 23: Trade Policies, cont'd, and Assignment #1 due by 5:30 PM

Required reading: Pugel, Chapters 10 and 11 and any supplements on Blackboard.

Week #5: September 30: Test #1 covering Chapters 2-6 and 8-11, supplementary readings and lectures; class continues after test: Trade Policies, cont'd [Students observing Rosh Hashana should make alternative arrangements one week prior.]

Required reading: Pugel, Chapter 12 and any supplements on Blackboard.

Week #6: October 7: Trade Policies, cont'd

Required reading: Pugel, Chapters 14 and 15 and any supplements on Blackboard.

Week #7: October 14: The Balance of Payments

Required reading: Pugel, Chapter 16 and any supplements on Blackboard.

Week #8: October 21: The Foreign Exchange Market

Required reading: Pugel, Chapters 17 and 18 and any supplements on Blackboard.

Week #9: October 28: Exchange-Rate Policies

Required reading: Pugel, Chapter 19 and any supplements on Blackboard.

Week #10: November 4: Test #2 covering Chapters 12 and 14-19, supplementary readings and lectures

Week #11: November 11: Exchange-Rate Policies, cont'd and Assignment #2 due by 5:30 PM

Required reading: Pugel, Chapter 20 and any supplements on Blackboard.

Week #12: November 18: International Financial Crises

Required reading: Pugel, Chapter 21 and any supplements on Blackboard.

Week #13: November 25: Open-Economy Macroeconomics

Required reading: Pugel, Chapters 22 and 23 and any supplements on Blackboard.

Week #14: December 2: Open-Economy Macroeconomics, cont'd

Required reading: Pugel, Chapters 24 and 25 and any supplements on Blackboard.

Week #15: December 9: Test #3 covering Chapters 20-25, supplementary readings and lectures