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Economics Courses | Business Administration, College of

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(2) Sample Syllabus: Econ 4046

Joseph Daniels

ECON4046 - INTERNATIONAL TRADE
SPRING 2010

Instructor: Joseph Daniels
Office: DS 414
Office Hours: Tu 9:00 – 10:30
W 12:45 - 2:45
and by appointment
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Section: 101
Time: 3:30 – 4:45 TuTh
Room: DS288

Teaching Assistant: David Keppen
Office:
Office Hours:

OFFICE HOURS: The above hours are "walk in" hours for undergraduates. No appointment is necessary for the times listed. If you must see me at another time, please call first or make an appointment.

CELL PHONES AND RECORDING DEVICES: Cell phones, other communication devices, and recording devices are strictly prohibited from the classroom. If for some reason you believe you need a cell phone, make sure it is turned off and put away.

TEXT: Appleyard, Field, and Cobb, *International Economics*, 7th Edition, McGraw Hill Publishing.

INTERACTIVE STUDY TOOLS: The text is supported through the McGraw-Hill website http://www.mhhe.com/appleyard7e. At this site you will find multiple choice quizzes, graphing tools, and PowerPoint shows for the text. (Note these shows are different from my lectures.) I strongly encourage students to incorporate this in their studies, especially to practice for the exams.

FINANCIAL TIMES / WALL STREET JOURNAL: I recommend that each of you subscribe, or share a subscription, to the *Financial Times* or *Wall Street Journal*. The *FT*, in particular, is an excellent source of international economic/business news. You will find it quite valuable in all courses that address international issues. Articles from the *FT* in particular will be used throughout the course.

COURSE MATERIALS: Course materials can be found on the D2L site.

OUTSIDE READINGS: There will be outside readings assigned occasionally in this class. These reading will also be made available on the D2L site for the course whenever possible.

OTHER: You may be required to attend a lecture outside of the normal course hours often as part of homework assignments. You will be notified well in advance so as to work this into your schedule.

COURSE DESCRIPTION: The integration of the world's leading economies is the predominant, and perhaps the most divisive event of the past few decades. Globalization, however, one chooses to define or measure it, is a major force affecting corporations and economic institutions today.

In this course students will be introduced to, and expected to analyze important topics in international trade, including: why nations trade, comparative advantage, trade subsidies and tariffs, and regional arrangements and important international institutions that condition economic integration. We will also consider some of the ethical issues in international trade, recognizing that trade may involve "winners" and "losers" and how international policies transfer wealth and real purchasing power among various parties.

COURSE OBJECTIVE: The objective of this course is to stimulate an interest in, and awareness of, international trade issues and their importance in business decisions and policymaking. The student is expected to build upon the economic tools they have already mastered in the principles of economics courses and develop a comprehensive framework for analyzing problems centered on international trade. A complete understanding of basic economic theories and their application to current problems is therefore required of the student.

Though the course is not strictly an issues course, current issues will be discussed. The student should view this course as offering two parts, first the tools of economic analysis and second, the application of these tools to international problems, policies, and issues.

LEARNING OBJECTIVES: The Department of Economics and the College of Business Administration have established learning objectives for students in economics courses. The relevant learning objective of the Department of Economics is:

"Understand and apply the standard analytical tools of applied economic analysis."

The relevant College of Business learning objectives are:

"Use critical thinking skills in business situations"

"Analyze the global business environment and analyze the local business environment"

COLLEGE OF BUSINESS ADMINISTRATION ASSESSMENT STATEMENT: The fundamental mission of the College of Business Administration is to provide a quality education grounded in Catholic, Jesuit intellectual values. Students are expected to learn how to function

effectively in a diverse and global economy and develop into responsible members of the business community. As one of many methods of assuring that the goals of our educational mission are successfully met, the college regularly and systematically engages in the assessment of these competencies. Students in the Bachelor of Science in Business Administration program are assessed on their ability to reason ethically, communicate effectively, analyze critically, and understand local, national and global business and cultural issues.

Assessment takes place each semester in all programs and settings using quantifiable measures to gather and analyze information to help continuously improve the educational process. The College of Business Administration is dedicated to successfully providing a quality education for all students. Assessment is the continuous improvement process of evaluating our success. More information on assessment can be found at (http://www.marquette.edu/assessment/) or (http://www.busadm.mu.edu/undergraduate/LearningObjectives.shtml)

PREREQUISITES: Econ2003 and Econ2004 are required for this class. Certain tools developed in these classes will be applied, not taught. Therefore, the student is expected to have mastered the material of these courses before enrolling in this course. Additionally, basic algebra/geometric skills are assumed. If you are not comfortable with these requirements, you should think twice about taking this course.

EXAMS: Three exams will be given in this class. Each of the first two exams will constitute 20 percent of your final grade. The final exam is worth 30 percent of your final grade.

Exam questions are designed to test in three ways, the ability to understand and recall basic principles or definitions, explicit application of theories and models, and implicit application of theories and models. The difference between explicit and implicit application is that explicit questions disclose to the student the theories that are being tested whereas implicit questions require the student to realize on their own the appropriate theories or models to be applied.

Exams are graded on both content and presentation of argument. Reasonable grammar (given the time constraint) is required. If I can't read a response, it will not be graded. Grades are assigned on an absolute basis (absolute content and presentation) as well as a relative basis (content and presentation relative to all other students' responses).

Grading disputes will arise. Do not hesitate to discuss your exams and homeworks with me in my office. However, since grades are partially based on a relative basis as discussed above, a statute of limitation applies. If you feel your exam was graded unfairly, you must

discuss it with me within one week following the return of the exam. Otherwise, the grade will stand as originally recorded.

HOMEWORK ASSIGNMENTS: Three assignments will be collected. No assignment may be made up or turned in late under any circumstance. Assignments will constitute 15 percent of your final grade.

ARTICLE ASSIGNMENTS: Three article assignments will be collected during the semester. The student is to find articles in the popular press (*The Economist, The Financial Times, Wall Street Journal*, and *Business Week*) that address concepts being taught in this class. These articles are to be summarized in a template that is available on the D2L site. The assignments are due on the dates specified below, as a printed hard copy, in class, and **will not be accepted late**. The article assignments are worth 5 percent of your final grade.

EXAM AND ASSIGNMENT DATES:

Article Assignment 1 – Thursday, February 11
Homework 1 – Tuesday, February 16
Exam 1 – Thursday, February 18
Article Assignment 2 – Tuesday, March 30
Homework 2 – Tuesday, April 6
Exam 2 – Thursday, April 8
Article Assignment 3 – Tuesday, May 4
Homework 3 – Thursday, May 6
Final – Friday, May 14, 3:30 – 5:30

These exams and assignments are scheduled well in advance, so you are required to make your semester plans accordingly. **THE FINAL EXAM WILL NOT BE OFFERED EARLIER OR LATER IN THE WEEK.**

MAKE-UP POLICY: NO MAKE UP EXAMS OR ASSIGNMENTS WILL BE GIVEN. If there is an extreme emergency due to which you cannot take one of the first two exams, and you notify me before the date of the exam, then you may substitute your grade on the final for the missed exam. No exams will be given early or late for anyone. No exam will substitute for the final! The final exam will be given at its scheduled time only. IT WILL NOT BE GIVEN EARLIER IN THE WEEK. No exception.

GRADING SCALE: Your grade will be determined from an absolute scale. (I use the full range of this scale, see the attendance policy if you desire to achieve a grade of C or better in this course.) In other words, you are not competing against your classmates for a grade, you are

competing with yourself. You can determine your standing in this course at anytime using the scale below.

91 < A ≤ 100%
85 < A/B ≤ 91
79 < B ≤ 85
73 < B/C ≤ 79
67 < C ≤ 73
58 < C/D ≤ 67
50 < D ≤ 58
F ≤ 50

Final grades will be assigned based on your weighted-average score for the class, given the weights described above, and based on the scale provided above. Note that there is no "rounding" of the weighted-average score. Furthermore, note the inequalities given above. A score of, say, 90.8, for example, is not rounded to 91, nor does it exceed 91, and therefore a final grade of AB will be assigned to the student.

CLASS ROOM PARTICIPATION: Classroom participation is assumed as part of your minimum requirements. Indeed it is essential for the success of this type of class.

ATTENDANCE: The instructor reserves the right to invoke the attendance policy at any point during the semester. Experience shows that students who do not attend class faithfully do not achieve a high score. You decide how successful you want to be in this class by class attendance. The attendance policy of the College of Business Administration applies to all students taking this course and is available at:
http://www.marquette.edu/cur_students/documents/ugb_business.pdf

EXTRA CREDIT: No extra credit will be offered or accepted. Extra effort on the part of the student should be directed to exam and quiz preparation.

ACADEMIC HONESTY: If any student is caught cheating or violating the common rules of academic honesty, I will use every resource available to see that the disciplinary measures provided by the University are applied to the fullest extent.

STUDENTS WITH A RECOGNIZED NEED: If you require an exceptional consideration, which is recognized and recommended to me by the University, and you are asking for special consideration in the course, please see me as soon as possible.

WITHDRAW POLICY: April 16 is the last day to withdraw with an automatic "W." This is the date established by the University and will be adhered to with no exception.

EMERGENCY PLAN: Every Marquette University campus building has emergency shelter and evacuation plans. Please familiarize yourself with the plans of each building in which you take classes or attend meetings. Make sure to note the routes to the lowest level of the buildings for shelter during inclement weather, as well as exits from the buildings in the event of fire or other emergency.

OTHER DATES:

Tuesday, January 19, Classes Begin
Monday, March 12 through Friday March 16, Spring Break
Thursday April 5 through Monday April 9, Easter Break
March 20 through March 23, Advising Week
Friday, May 4, Last day of classes

TENTATIVE COURSE SCHEDULE

The following is a tentative schedule. Specific dates are not indicated in order to allow for flexibility in the presentation of course material. It is the responsibility of the student to know where we are in the schedule. If you are unsure of your reading responsibilities, just ask. Outside readings will be assigned occasionally.

Listed below are the various topics we will explore. We will follow the text in chapter order. Main issues under each topic are listed as well. On the first day of class we will discuss the syllabus and, because this text represents a significant investment of time and money, I will explain why I selected this particular text.

Globalization
(Chapter 1)
Measuring economic integration / openness
Transnational firms

Smith and Early Views on Trade
(Chapter 2)
Mercantilism
Absolute Advantage
Zero-Sum and Positive-Sum Games

Be able to see why an understanding of mercantilism views is important and how it affects policymaking today.

Ricardo and Comparative Advantage
(Chapter 3)
Comparative Advantage
Linear Production Possibilities frontier
Terms of trade
Gains from Trade

Extensions to Ricardo's Model
(Chapter 4)
Money, Exchange Rates, and Wages

NeoClassical Trade Theory
(Chapter 5)
Consumer Indifference Curves
Production Isoquants
Increasing Opportunity Costs

This is the most difficult material and is the basis for the trade model that will be used throughout the rest of the course. It is the material that will determine your success in this class.

The Gains from Trade
(Chapter 6)
Putting it All Together
Hidden Opportunity Costs
The Trade Triangle
Gains from Trade

You will not be able to understand material from this point forward without a firm grasp of the material in Chapter 6

The Basis for Mutually Beneficial Trade
(Chapter 8)
Factor Endowments
Factor Intensities
The Heckscher-Ohlin Model
Factor Price Equalization
The Sector Specific Model

Empirical Tests
(Chapter 9)

This chapter is left to the student.

Extensions
(Chapter 10)
The Life-Cycle Model
Krugman and Imperfect Competition
Intra-Industry Trade

Economic Growth
(Chapter 11)
Sources of Growth
Welfare Effects
Immiserizing Growth

This chapter uses the model of Chapter 8.

Factor Movement
(Chapter 12)
FDI
Labor Movement

The Sector-Specific Model is important here.

Trade Policies
(Chapters 13 and 14)
Types of Tariffs
Nominal and Effective Tariffs
Export Taxes and Subsidies

These chapters use the model of Chapter 8.

Partial Equilibrium Analysis
General Equilibrium Analysis

The Political-Economy of Trade Policies
(Chapters 15 and 16)
Terms-Of-Trade
Infant Industries
Imperfect Competition

Economic Integration
(Chapter 17)
EU
NAFTA

Developing Economies
(Chapter 18)

This is "optional" material to be covered if time allows.