

EC310 Global Economics

Seminar Leader: Beatrice Farkas

Course Times: Tue 15:15 - 16:45, and Thu 15:15 - 16:45

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Course Description

This course provides an overview of international economics in today's interconnected world. International economics is split neatly into two parts: international trade and international finance. This division essentially coincides with the distinction between the microeconomics and macroeconomics of the open economy.

The first part examines theories of international trade and analyzes the consequences of trade policies. We analyze why countries trade, what they trade, who gains (or loses) from trade, and the effects of trade policies. The second part includes topics in international finance and examines the macroeconomics of open economies. We look into exchange rate determination and monetary policy-making under different exchange rate regimes. The discussions will focus on macroeconomic policies in open economies and in currency crises.

Learning outcomes:

- Analyze international trade and specialization using the theory of comparative advantage, and assess the effects of trade on incomes, economic growth, and distribution.
- Describe and analyze the economic effects of international agreements and institutions.
- Analyze monetary policy-making under different exchange rate regimes.
- Analyze the effects of international financial markets on the domestic economy.

Requirements

Pre-requisites: Students taking this class should have already successfully completed the classes *Principles of Economics, Microeconomics, and Macroeconomics* .

You should be familiar with high school level differential calculus and algebra (taking derivatives of simple functions, solving two equations with two unknowns, etc). More importantly, if you are uncomfortable with mathematics you should reconsider enrolling in this course. We will not be using advanced calculus but solving simple equations, drawing graphs and elementary differential calculus will be components of the course.

Attendance

Attendance at ALL classes is expected. More than two absences (that is absences from two sessions of 90 minutes) in a semester will significantly affect the grade for the course. The two absences are meant as **insurance policy for you** in case of illness or other unforeseen yet important events outside of the classroom.

Please make sure to consult the Student Handbook for regulations governing periods of illness or leaves of absence.

"Bard College Berlin cannot offer credit for any course in which a student has missed more than 30% of classes, whether the absences are on documented medical grounds or not".

Textbook

We will use 'International Economics' by Krugman, Obstfeld, and Melitz, 9th Global Edition (or earlier editions)

Google Classroom:

During the semester, course materials such as lecture slides, readings, discussion questions, homework problems and solutions, will be posted on Google classroom. All students are expected to make use of the course materials posted on google classroom. Please sign in for the course, using the code provided in the first session of class (classroom.google.com).

Assessment

Grades will be based on attendance, preparation for classes, class participation, problems sets, as well as a mid-term (60 minutes) and a **cumulative** final examination (90 minutes). The problem set with the worst grade will not count towards the grade. No makeup or early exams will be given.

Policy on late submission of exercises

Problem sets are due as per instructions in the Google Classroom course platform. Late submissions as per student handbook are subject to technical possibility within the course platform and might not apply.

Class Participation

Attendance - is expected of everyone. However, attendance alone does not ensure a passing participation grade.

All students are expected **to participate actively** in class. Your participation grade will reflect attendance, frequency of contributions, and the quality of your contributions to in-class discussions. Quality means informed contributions and thoughtful analysis of the material. This requires doing the reading ahead of time.

Media article presentation

At the beginning of each class, a student will present a very short (5-10 minutes) summary and analysis of a trade- or policy-related article and discussion of how it relates to the theories about trade and finance that we have studied in class. Your grade will depend on how you relate the article to the in-class material and on the clarity of your presentation. This article should come from one of the following sources: *The Economist*, *The New York Times*, *The Wall Street Journal*, or *The Financial Times*. Please consult with me when deciding which article to use. We will sign up for dates at the beginning of the semester.

Grade Breakdown

Seminar preparation, active participation, and professionalism 20%

Problem sets (best 2 out of 3) 20%

Media article presentation: 5%

Mid-term exam 25%

Final examination 30%

Schedule

The schedule provided is provisional in order to allow for flexibility. It is the student's responsibility to keep informed of any changes to the schedule provided here.

Week 1 – Intro/Globalization and world trade

Jan 31, Feb 2

Reading: Krugman, Ch. 1, 2

Week 2 –World trade, The Ricardian model of comparative advantage

Feb 07, Feb 09

Reading: Krugman, Ch.2, 3

Week 3 – The Heckscher-Ohlin model

Feb 14, Feb 16

Reading: Krugman, Ch. 3, 5

Week 4 – Firms in the global economy: exports, outsourcing and MNC's

Feb 21, Feb 23

Reading: Krugman, Ch. 8

Week 5 – Trade policy

Feb 28, Mar 2

Reading: Krugman, Ch. 8, 9

Week 6 – Trade policy

Mar 7, Mar 9

Reading: Krugman, Ch.9

Week 7 – Controversies in trade policy

Mar 14, Mar 16 (Mid-term exam, 03.16., 15:15 - 16:15 classroom)

Reading: Krugman, Ch. 12

Week 8 – Foreign exchange market and exchange rates

Mar 21, Mar 23

Reading: Krugman, Ch. 14

Week 9 – Foreign exchange market and exchange rates/

Mar 28, Mar 30

Reading: Krugman, Ch. 14, 17

Week 10 – Output and exchange rates in the short run

Apr.4, Apr 06

Reading: Krugman, Ch. 17, 18

(Spring break: Apr 10-14)

Week 11 – Fixed exchange rates and flexible exchange rates

Apr 18, Apr 20

Reading: Krugman, Ch. 18 20

Week 12 – Optimum exchange rates and the Euro experience

Apr 25, Apr 27

Reading: Krugman, Ch. 20 21

Week 13 – Financial globalization : opportunity and crisis.

May 2, May 4

Reading: Krugman, Ch. 21

Week 14 – Financial globalization : opportunity and crisis./ review

May 9, May 11

Reading: Krugman, Ch. 21

Week 15 – Completion Week (**FINAL EXAM on Tuesday May 16, 15:15 - 16:45classroom**)

Professionalism

Being a student is your full-time job and with it come a set of responsibilities and expectations, as with any other job. Maintaining a professional attitude towards your course of studies is something that also prepares you for later work life. A professional attitude towards your studies is shown by coming to class on time, being prepared, being courteous to your teachers and fellow co-students. It is exhibited by writing your essays with care, actively participating in class, avoiding distractions (excessive bathroom breaks, using smartphones to check on irrelevant issues during class etc.), not missing classes except for the most dire of circumstances and in general by adapting to the rules of the course without trying to bargain for personal exceptions.