

Economics 366: International Economics

Dr. Jeffrey Bloem

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Office Hours: T & TH 5:00 pm EST or by appointment

Office: Zoom

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Class Hours: Asynchronous

Class Room: N/A

Course Description

International economics addresses (1) international trade—the exchange of goods and services among nations—and (2) international finance—the financial, monetary, and macroeconomic interactions among nations. Each part has a coherent body of theory. This theory, consisting of models, aids critical analysis of the nature of economic interactions among nations and the consequences of policy. Recent years have been a time of great tumult in the international economy, and policies at both the national level and the international system level are much in flux. To note three examples, the United States and the world have not fully come to terms with the rise of China in both trade and finance, the single European currency has brought challenges that many did not expect, and the political appeal of nationalist policies have revealed great discontent with existing regional trade agreements, policies, and structures. This course offers the tools to understand current developments and evaluate policy proposals.

Required Materials

- **Smith, Pamela.** (2014) *Global Trade Policy: Questions and Answers*. Wiley Blackwell. Available on Amazon.com for under \$50.
- The majority of the other required readings come from the *Journal of Economic Perspectives*. This is an academic journal that aims to summarize topics, concepts, theory, and evidence from across the various fields of economics. These articles are freely available and written using plain English—rather than math.

Prerequisites

ECB 101: Principles of Microeconomics and ECB 102: Principles of Macroeconomics

*Last Updated: 01/17/2021

Course Learning Objectives

By the end of this course, students will be able to:

1. **Use** economic models used to analyze what gets traded and how trade affects employment and income.
2. **Evaluate** the costs and benefits of trade restrictions such as tariffs, quotas, and export subsidies.
3. **Understand** the main institutions and rules governing the world trading system.
4. **Acquire** an understanding of how exchange rates are determined, how they affect income, and how they relate to monetary and fiscal policies.
5. **Evaluate** the strengths and weaknesses of alternative exchange rate systems.
6. **Reflect** on several basic approaches to Christian ethics on international economic policy.

Course Structure

Class Structure

This course will be online and asynchronous. Teaching in this way is relatively new for me and participating in virtual classes is likely relatively new for you. I ask that we all practice patience, a willingness to try new things, and adjust as necessary.

Weekly Assignments

These assignments are designed to aid you in engaging with the assigned reading material and with your classmates. It is best to think of these weekly assignments as short (e.g., 400-500 words) blog-post-style summaries of the interesting or important details from the reading. That is, pretend you are writing for someone who has not read the assigned reading but is generally knowledgeable about economics. These can take a variety of forms:

1. You can write a "layman's" translation of what you learned from the required readings.
2. You can identify and describe the "muddiest point" (e.g., a point of confusion) from the required readings.
3. You can discuss how the required readings apply to one of your policy memos (see below).
4. You can think of two questions relating to the required readings that you'd like to discuss with your classmates.

These assignments must be submitted via Canvas on Monday of each week with assigned readings. There are 13 weeks with assigned readings in the semester, but you are only required to hand in 10 total weekly assignments. That means you have 3 weeks when we have assigned readings and you do not need to turn in an assignment. *Try not to use these too early in the semester.*

Policy Memos

Much of this course will focus on various policy options relating to international trade. You will be required to write 3 policy memos throughout the semester. These policy memos are designed to give you practice defending a specific policy to achieve a given objective. Each policy memo should be about three pages long and should discuss relevant course material, including relevant theories and evidence that supports your policy position. For tips on how to write an effective policy memo, read Chris Blattman's "[How to write an essay](#)" blog post.

Policy Memo #1 In introductory economics courses we learn that trade makes everyone better off. In this policy memo, I'd like you to summarize the reasoning behind this claim. Also discuss (i) whether or not this claim is supported by real-world empirical evidence and (ii) how this evidence should influence the future of trade policy.

Policy Memo #2 In 2016, the United Kingdom voted to withdraw from the European Union through the "Brexit" referendum. In this policy memo, I'd like you to summarize the motivation of both those supporting "leave" and "stay" policies. Based on the theories and evidence we have discussed so far in class take a stand and defend either the "leave" or "stay" side of the "Brexit" debate.

Policy Memo #3 A trade war between China and the US was engaged as each country continued to dispute tariffs placed on goods traded between them. In this policy memo, I'd like you to summarize the origins of the trade war between China and the US. Based on the theories and evidence we have discussed so far in class, including specifically intellectual property rights, describe the consequences of this trade war on both the Chinese and US economies.

After each policy memo due date, we will hold a **virtual forum** where we discuss and debate the issue at hand. These forums will provide space for us to interact as a class. Since this course is asynchronous, I cannot make attendance to these forums mandatory. So, although these forums are voluntary, your participation in them will aid your learning, help you prepare for exams, and contribute to your overall participation grade for the course.

Exams

We will have two exams, a midterm exam and a final exam. Exams will be open book and open internet. The answers will be difficult to simply look up in your book or Google, however. They will require understanding of course material and critical thought. Exams will be timed. If you do not know the answers, it will be difficult to look them up and complete the exam on time.

Grading

The grading of this course is as follows:

- Weekly assignments: 30%
 - 10 required weekly assignments (out of 13 weeks with assigned readings), 3% each
- Policy Memos: 30%
 - Memo #1, 10% (Due Week 4)
 - Memo #2, 10% (Due Week 7)
 - Memo #3, 10% (Due week 11)

- Midterm: 15%
- Final Exam: 15%
- Participation: 10%
 - Participation is based on engaging with your classmate's weekly assignments, which will be posted as discussions on Canvas. A good way to earn all participation points is to read and comment on your classmate's comments and questions about the assigned readings.

Grading Scale:

- 93-100% A
- 90-93% A-
- 88-90% B+
- 83-88% B
- 80-83% B-
- 78-80% C+
- 73-78% C
- 70-73% C-
- 60-70% D
- Below 60% F

Course Policies

COVID-19 Precautions

This is obviously an unprecedented time. A lot is being asked of college students. You are being asked to take courses online, which is not what you signed up for when you chose Gordon College. You are being asked to refrain from many forms of in-person social interactions, which is probably what many of you like most about college. I hope that you will all do what is necessary to keep each other, and yourselves safe. Even if you consider yourself low risk, people around you may not be. I understand that some, if not many, students will participate in high risk activities like attending parties, going to restaurants, shopping in crowded stores, or attending in-person religious services, etc. If you do these things, I encourage you to take advantage of the option to take your courses this semester completely online. There are a few more protections I am putting in place for the purposes of our collective well-being:

- Office hours will be conducted on Zoom. During my office hours I will be in a Zoom room and you can pop in, or you can make an appointment for an online meeting that fits your schedule. I wish we could meet in-person, but this is an entirely virtual and asynchronous class this semester.
- If you feel at all sick, or have a temperature, please get tested. In this class, you can attend all lectures online, and complete all projects and exams online. If you test positive, email me and we can discuss how to handle the situation.

Attendance Policy

This is an asynchronous class and so obviously I will not be able to observe your attendance as I would if we were meeting in-person. Instead "attendance" will be based on your participation and completion of online class activities and assignments.

Communication Policy

E-mail is my preferred method of communication. E-mails sent between Monday and Friday will be responded to within twenty-four hours. Please do not wait until the last minute to send questions. Also, note that e-mails sent after 7pm will typically not be read until the next day.

Late Assignments Policy

Late assignments will not be accepted. If you anticipate that you will complete an assignment late due to unforeseen circumstances or events, please notify me *before* the assignment due date. If you experience challenges with technology, please notify me as soon as possible.

Physical and Mental Health

Your physical and mental health is important. I encourage you to take full advantage of the services provided by Gordon College to facilitate your physical and mental health.

- Schedule time to exercise. Run, walk, do something to move around as you are able.
- Care of yourself mentally. Take breaks from your studies, spend time with friends and family, do something to rest from your most pressing task.
- Familiarize yourself with available mental health resources: <https://www.gordon.edu/counselingcenter/>
- Other available resources:
 - Depression and Bipolar Support Alliance: <https://www.dbsalliance.org/>
 - Suicide Prevention Crisis line: 1-800-273-8255 or <https://suicidepreventionlifeline.org/>

Accommodations for Disabilities

Gordon College is committed to assisting students with documented disabilities. A student with a disability who may need academic accommodations should follow this procedure:

1. Meet with a staff person from the Academic Support Center (ASC) Jenks 412, (x4746) to:
 - (a) make sure documentation of your disability is on file in the ASC,
 - (b) discuss the accommodations for which you are eligible,
 - (c) discuss the procedures for obtaining the accommodations, and
 - (d) obtain a Faculty Notification Form.
2. Deliver a Faculty Notification Form to each course professor within the first full week of the semester; at that time make an appointment to discuss your needs with each professor.

Failure to register in time with your professor and the ASC may compromise our ability to provide the accommodations. Questions or disputes about accommodations should be immediately referred to the Academic Support Center. (See also Grievance Procedures in Student Handbook.)

Academic Support Center: If you need additional help in this course, please do the following:

- Talk to me during my office hours. If you are not available during my normal office hours (held via Zoom), please schedule an appointment with me by E-mail.
- If you require more support, you will find help at the academic support center (<http://www.gordon.edu/asc>), which can point you in the right direction for additional resources, such as the writing center or language resource center. There are also private tutors available in some circumstances.

Lauren's Promise

I will listen and believe you if someone is threatening you.

Lauren McClusky, a 21-year-old honors student athlete, was murdered on October 22, 2018 by a man she briefly dated on the University of Utah campus. We must all take actions to ensure this never happens again.

If you are in immediate danger call 911. Do not hesitate.

If you are experiencing sexual assault, domestic violence, or stalking please seek help from the police whether or not you are in immediate danger.

- Campus police: 978-867-3333 (for things that happen on campus)
- Wenham Police: 978-468-5500 (for things that happen off campus)

Additional resources:

- The Red Flag Campaign: <http://www.theredflagcampaign.org/>
- HAWC (Healing Abuse, Working for Change): <https://hawcdv.org/>
- National Center on Domestic and Sexual Violence: <http://www.ncdsv.org/>
- National Coalition Against Domestic Violence: <https://ncadv.org/>

Gordon College also has Counseling Services that can help you in the aftermath of an incident: 978-867-4301.

I can also help connect you to the appropriate resources, or put you in touch with a female colleague faculty member who will do so. You can learn more about a variety of resources related to all aspects of sexual assault, domestic violence, or predatory behavior at Gordon College here: <https://www.gordon.edu/counselingcenter/selfhelp>.

Academic Integrity and Honesty

Academic dishonesty is regarded as a major violation of both the academic and spiritual principles of this community and may result in a failing grade or suspension. Academic dishonesty includes plagiarism, cheating, and abuse or misuse of library materials when such abuse or misuse can be related to course requirements.

Schedule

The schedule is tentative and subject to change. The midterm and final exams will test material covered to-date in the course. Therefore, the final exam will be cumulative and cover the material from the entire semester.

Week 1, What is Trade Theory?

February 2 — Required Reading

- Chapter 1 from Smith (2014) "Preliminaries: Trade Theory"

Week 2, Inter-industry Trade

February 9 — Required Reading:

- Chapter 2 from Smith (2014) "Inter-industry Trade," (focus on Sections 2.1 and 2.2).
- OPTIONAL: Eaton, J. and Kortum, S. (2012) "Putting Ricardo to Work," *Journal of Economic Perspectives*, vol. 26, no. 2, pp. 65-90.

Week 3, Intra-industry and Intra-firm Trade

February 16 — Required Reading:

- Hasket, J., Lawrence, R.Z., Leamer, E.E., and Slaughter, M.J. (2012) "Globalization and U.S. Wages: Modifying Classic Theory to Explain Recent Facts," *Journal of Economic Perspectives*, vol. 26, no. 2, pp. 119-140.
- Chapter 3 from Smith (2014) "Intra-industry and Intra-firm Trade"

Week 4, Welfare Considerations and Tariffs

February 23 — Required Reading:

- Chapter 4 from Smith (2014) "Preliminaries: Trade Policy and Welfare Considerations"
- Chapter 5 from Smith (2014) "Tariffs"

Due: Policy Memo #1

Week 5, Export Subsidies

March 2 — Required Reading:

- Chapter 6 from Smith (2014) "Export Subsidies"
- Westphal, L.E. (1990) "Industrial Policy in an Export-Propelled Economy: Lessons from South Korea's Experience," *Journal of Economic Perspectives*, vol. 4, no. 3, pp. 41-59.

Week 6, Quantitative Restrictions

March 9 — Required Reading:

- Chapter 7 from Smith (2014) "Quantitative Restrictions"
- Sampson, T. (2017) "Brexit: The Economics of International Disintegration," *Journal of Economic Perspectives*, vol. 31, no. 4, pp. 163-184.

Week 7, Policy Comparisons and Trade-related Policies

March 16 — Required Reading:

- Chapter 8 from Smith (2014) "Policy Comparisons"
- Chapter 9 from Smith (2014) "Preliminaries: Trade-related Policies and Trade in Services"

Due: Policy Memo #2

Week 8, Midterm exam

March 23 — No Required Reading.

The midterm exam will be distributed via email and due 24 hours later via Canvas. See details above.

Week 9, Intellectual Property Rights

March 30 — Required Reading:

- Chapter 10 from Smith (2014) "Intellectual Property Rights"
- Moster, P. (2013) "Patents and Innovation: Evidence from Economic History," *Journal of Economic Perspectives*, vol. 27, no. 1, pp. 23-44.

Week 10, Environmental and Labor Policies

April 6 — Required Reading:

- Chapter 11 from Smith (2014) "Environmental Policies"
- Chapter 12 from Smith (2014) "Labor Policies"

Week 11, Growth and Development Policies

April 13 — Required Reading:

- Chapter 13 from Smith (2014) "Growth and Development Policies"
- Rodrik, D. (1992) "The Limits of Trade Policy Reform in Developing Countries," *Journal of Economic Perspectives*, vol. 6, no. 1, pp. 87-105.

Due: Policy Memo #3

Week 12, Trade Arrangements

April 20 — Required Reading:

- Chapter 14 from Smith (2014) "Regional and Multilateral Arrangements"
- Baldwin, R. (2016) "The World Trade Organization and the Future of Multilateralism," *Journal of Economic Perspectives*, vol. 30, no. 1, pp. 95-116.

Week 13, Global Value Chains

April 27 — Required Reading:

- Antras, P. (2020) "Conceptual Aspects of Global Value Chains," *World Bank Policy Research Working Paper*, no. 9114.
- Johnson, R.C. (2014) "Five Facts about Value-Added Exports and Implications for Macroeconomics and Trade Research," *Journal of Economic Perspectives*, vol. 28, no. 2, pp. 119-142.

Week 14, Exchange Rates

May 4 — Required Readings;

- Calvo, G.A. and Mishkin, F.S. (2003) "The Mirage of Exchange Rate Regimes for Emerging Market Countries," *Journal of Economic Perspectives*, vol. 17, no. 4, pp. 99-118.
- Froot, K.A. and Thaler, R.H. (1990) "Anomalies: Foreign Exchange," *Journal of Economic Perspectives*, vol. 4, no. 3, pp. 179-192.

Week 15, Final Exam

May 11 — No Required Reading

The final exam will be distributed via email and due 24 hours later via Canvas. See details above.