Contact Information:
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Office Hours: Tuesday 2:30-4:30 and by appointment

Course objective:
This course is broken into two parts: international trade and international finance. The first part of the semester (trade) investigates reasons why nations trade, factors that determine trade patterns, focusing on examples of agricultural and food trade. Using the basic tools of microeconomics, it explores theoretical explanations to these questions and considers the welfare and distributional impacts of free trade among countries. Further topics include barriers to trade, reasons for limiting trade, economic integration, international food and agricultural policy, and current trade policy issues. The second part (finance) introduces the students to basic concepts and models in international finance and studies applications of current policy issues such as fixed exchange rates and the Euro.

Meets Social Sciences III-A requirement

Prereq. Economics 103 and 104.

Readings:
The textbook for this course is *International Economics* by Robert Feenstra and Alan Taylor.

Additional readings will be posted on the course website and Ella as announced.

Course Requirements:
The course requirements include 1 midterm exam, a final exam, six homework assignments and a group presentation. Homework is due at the beginning of each class and no late homework will be accepted. If you cannot attend class on the day that a homework is due, you must submit it earlier. Any late or missed assignments will receive a zero grade.

Working with others on homework is allowed and encouraged, however, each student must write up her own version of a solution, and everyone who collaborated must be acknowledged at the end of the homework. Turning in identical homework will result in a zero for both parties. Similar homework will receive a warning the first time and a zero each additional time.

Group presentations will focus on individual countries. Countries will be assigned from one of the following categories: North America, the European Union, Latin America, Emerging Economies, Africa and each group will be responsible for presenting the trading history of their country (important trade treaties, etc.) as well as the current state of their international trade or finance issues.
(for example are their current environmental concerns? currency crises or depressions?). Specifics will be discussed later in the semester.

**Accommodations:**
Accommodations will only be made for students who have formally requested it through Disability Services. Requests must be made within the first three weeks of classes.

**Grading Scale:**
Homework: 35%
Presentation: 10%
Midterm: 35%
Final Exam: 20%

92%-100% A
90%-91% A-
88%-89% B+
82%-87% B
80%-81% B-
78%-79% C+
72%-77% C
70%-71% C-
68%-69% D+
60%-67% D
50%-59% D-
-49% F
Tentative Course Schedule (Will be updated–Check regularly):

Introduction

1/27 Introduction to trade, World Trade Organization
   · Chapter 1 in Feenstra and Taylor

2/1 World Organizations: World Bank, International Monetary Fund; Goals for Trade
   · Stokey, Nancy. “Giving Aid Effectively” (January 2005). Federal Reserve Bank of Minneapolis, ANNUAL REPORTS 2005

International Trade

2/3 The Ricardian Model
   · Chapter 2 in Feenstra and Taylor

2/8 The Ricardian Model; Gains and Losses
   · Chapters 2 and 3 in Feenstra and Taylor

2/10 Gains and Losses; The Heckscher-Ohlin Model
   · Chapters 3 and 4 in Feenstra and Taylor

   Homework 1 due

2/15 The Heckscher-Ohlin Model
   · Chapter 4 in Feenstra and Taylor

2/17 Movement of Labor and Capital
   · Chapter 5 in Feenstra and Taylor

2/22 Imperfect Competition
   · Chapter 6 in Feenstra and Taylor

2/24 Foreign Outsourcing
   · Chapter 7 in Feenstra and Taylor
   · At Closing Plant, Ordeal Included Heart Attacks By MICHAEL LUO Published: February 24, 2010, NYTmes · BLS

   Homework 2 due

3/1 Tariff and Quotas: Perfect Competition
   · Chapter 8 in Feenstra and Taylor

3/3 Tariff and Quotas: Imperfect Competition
   · Chapter 9 in Feenstra and Taylor

3/8 Catch up and review

   Homework 3 due

3/10 MIDTERM

3/15 Spring Break

3/17 Spring Break
3/22 Agricultural Export Subsidies
   - Chapter 10 in Feenstra and Taylor

3/24 Global Food Crisis
   - Headey, Derek. “Rethinking the Global Food Crisis: The Role of Trade Shock” (March 2010). *IFPRI Discussion Paper 00958*

3/29 Environment
   - Chapter 11 in Feenstra and Taylor

**International Finance**

3/31 Trade and Growth
   - Kehoe and Ruhl, “Why Have Economic Reforms in Mexico Not Generated Growth?” (November 2010). *Federal Reserve Bank of Minneapolis Research Department Staff Report 453*
   **Homework 4 due**

4/5 The IMF

4/7 The Global Macroeconomy; Intro to Exchange Rates
   - Chapters 12 and 13 in Feenstra and Taylor

4/12 Fixed vs Floating; Exchange Rate Crises
   - Chapters 19 and 20 in Feenstra and Taylor
   **Homework 5 due**

4/19 Student Presentations: North America and the European Union

4/21 Student Presentations: Latin America

4/26 Student Presentations: Emerging Economies

4/28 Student Presentations: Africa
   **Homework 6 due**

5/3 Review

**Self Scheduled Final Exam**