

ECON 4304
INTERNATIONAL ECONOMICS
Sul Ross State University - Rio Grande College
Dr. T.C. Carson

International economics deals with economic relations among nations. The resulting interdependence is very important to the economic well-being of most nations of the world and is on the increase.

The economic relations among nations differ from the economic relations among the various parts of a nation. This gives rise to different problems, requiring somewhat different tools of analysis, and justifies international economics as a distinct and separate branch of applied economics.

Course Overview:

International economics is different. Nations are not like regions or families. They are sovereign, meaning that no central court can enforce its will on them with a global police force. Sovereign nations can (and do) put up all sorts of trade barriers between their members and the outside world, and they can be more indifferent to the interests of others. The study of international economics, like all branches of economics, concerns decision making with respect to the use of scarce resources to meet desired economic objectives.

This course will focus on how international transactions influence such things as social welfare, income distribution, employment, growth, and price stability, and the possible ways public policy can affect the outcomes. We will examine the basis for trade, trade theories, determinants of the value and volume of trade, factors that impede trade flow, how exchange rates are determined, and how international transactions affect the use of monetary and fiscal policy to pursue domestic targets.

All online courses require your personal commitment and the ability to manage your time to meet assignment deadlines. Read the information in the **Distance Education Statement** link before you begin this course.

Course Objectives:

After successful completion of this course, students will be able to:

1. Explain how international economics is different and be able to demonstrate knowledge of the basic theories of international trade.

Assessment: Chapter quiz, lexicon exercise, written exam.

2. Understand how comparative advantage, factor availability, and factor proportions are key issues in international trade.

Assessment: Trade equilibrium exercise, graphing assignments, chapter quiz, written exam.

3. Be able to demonstrate who gains and who loses from trade and differentiate between alternative theories of trade.

Assessment: PPC exercise, trade theory quiz, written exam.

4. Demonstrate understanding of current trade policy, including tariff and nontariff barriers to trade and arguments for and against protection.

Assessment: Chapter quiz, opening trade exercise, written exam.

5. Understand the function and formation of regional trade blocs and the effects of trade on the environment.

Assessment: Technology and trade exercise, chapter quiz, written exam.

6. Understand trade policies for developing countries, the foreign exchange market, and determinants of exchange rates.

Assessment: Country profiles, chapter quiz, transition quiz, written exam.

Lecture Focus:

Chapter 1 – Four Controversies, Economics and the Nation-State

Chapter 2 – Four Questions About Trade, Demand and Supply, The Opening of Trade

Chapter 3 – Absolute Advantage, Comparative Advantage, Constant Costs and the PP Curve.

Chapter 4 – Production With Increasing Marginal Costs, Indifference Curves, Production and Consumption Together, Gains from Trade, Determinants of Trade Patterns, H-O Theory.

Chapter 5 – Who Gains/Loses from Trade, Three Implications of the H-O Theory, Trade Patterns, Export-Oriented and Import-Competing Factors.

Chapter 6 – Scale Economies, Intra-Industry Trade, Monopolistic Competition, Oligopoly and International Trade.

Chapter 7 – Balanced versus Biased Growth, Growth in Only One Factor, Changes in Willingness to Trade, Effects on Terms of Trade, Technology and Trade.

Chapter 8 – Effect of a Tariff on Domestic Producers/Consumers, Tariff as Government Revenue, Net National Loss, Nationally Optimal Tariff.

Chapter 9 – Types of Nontariff Barriers to Imports, VER's, Other Nontariff Barriers.

Chapter 10 – Ideal World of First Best, Realistic World of Second Best, Promoting Domestic Production/Employment, Arguments for Protection.

Chapter 11 – Dumping, Export Subsidies, Imposing Countervailing Duties, Strategic Export Subsidies.

Chapter 12 – Types of Economic Blocs, Trade Discrimination, Theory of Trade Blocs, Other Possible Gains from a Trade Bloc, Trade Blocs Among Developing Countries, Trade Embargoes.

Chapter 13 – Is Free Trade Antienvironment, Trade and Domestic Pollution, Transborder Pollution.

Chapter 14 – Which Trade Policy for Developing Countries, International Cartels, ISI,

Chapter 16 – Accounting Principles, Balance of Payments, Macro Meaning of the Overall Balance.

Chapter 17 – The Basics of Currency Trading, Demand and Supply for Foreign Exchange, Fixed and Floating Exchange Rates.

Class Format:

Grades:

The course requirements will consist of three objective exams and weekly Discussion Board assignments. Exam questions will focus on the important issues in each chapter as well as the issues and questions on the Discussion Board assignments.

The three exams will comprise 80% of your grade and your responses to the chapter discussion questions will be 20% of your grade. Discussion questions for each chapter will have a specific due date and time. No late responses will be read or graded.

Text:

International Economics, 16th edition, by T. Pugel, McGraw-Hill Irwin Publishers. ISBN: 978-0-07-802177-0

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