

GEORGE MASON UNIVERSITY

Econ 390—International Economics

Professor:	Marian Moszoro [aka “Mariano”]
E-mail:	mmoszoro@gmu.edu
Office:	Mondays at 11:30am–12:30pm in Mason Hall D151
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Time and Venue

Wednesdays at 4:30–7:10pm

Blue Ridge 129

Description

This course introduces students to the various topics of study in the field of international economics, including trade models, international finance, and international monetary policy. The first half of the semester will be focused on international trade. We will cover three of the most commonly used trade models. Next, we will examine the role of firms in international trade. Finally, we will examine trade policies and the effects of these policies.

The second half of the semester will be focused on international money, to include international finance and international monetary systems. We will study the derivation and role of exchange rates in international markets. We will also explore different international monetary systems used in the global market over time. We will also spend time looking at international financial crises.

Objectives

The goal for this course is for students to apply economic concepts learned in previous courses to the study of International Economics.

After completion of the course, students will be able to:

- Understand the determinants of international trade
- Understand the nature of investment decisions of multinational corporations
- Understand key the economic theories behind foreign exchange risk
- Explain the effects of changes in the global macroeconomic environment on multinational corporations

Teaching Method

The course will be based on a series of lectures, class discussions, and Oxford debates. Active participation is encouraged.

Class rules: (a) no food, (b) no late entrance, and (c) no cell phones. Please limit the use in class of laptops to the indispensable minimum. You can survive with just an old-school notepad and a calculator.

Readings

Required textbook: Paul R. Krugman, Maurice Obstfeld and Marc J. Melitz (2012). *International Economics: Theory & Policy*, 9th ed. Pearson [referred to as 'KOM'].

Suggested: daily news from a financial newspaper, e.g., *Financial Times* or *Wall Street Journal*.

Additional readings will be assigned *ad hoc* during the semester and posted on “Blackboard.”

Requirements and Grades

Grades will be based on mid-term and final exam scores, class participation, a research project, and blog contributions (see details below).

Blog Details

During the course, each student should participate and contribute to the course blog in accordance with the following guidelines:

General directions

1. Students should enroll in the Blackboard blog “International Economics.”
2. For particular sessions students will be asked to write short articles.
3. Each student should contribute at least three articles (blog posts) and at least three comments to other students’ articles.
4. The submission deadline for articles and comments is 6am EST of the next session’s day.
5. Articles and comments will be open to the public and—once posted—cannot be edited or deleted.

Articles

6. Articles should be ca. 500 words long and written in a single post.
7. Articles should be based on an original research related to the topics discussed in class.
8. Articles can be enhanced with a figure or table.
9. Academic citation rules apply for external sources. Plagiarism will result in fail grade.

Comments

10. Comments should be ca. 150 words long.
11. Comments should criticize or extend the research presented in the article based on data or original thinking.
12. Allowance: One comment per person per article per session session, and no comments on days when an article was contributed.
13. Comments can be critical, but should be kept in a constructive tone.

Blog grading

14. The language of the articles and comments should be formal and respectful. Offensive language will result in a fail grade and can also lead to formal sanctions according to the University’s regulations.
15. Grades for blog contributions will be based on the scope, depth, and quality of the articles and comments.

Research Paper

The research paper will consist of an eight-pages note that includes (~ one page per item):

1. Title page with name and abstract of up to 150 words
2. Introduction: motivation and research question
3. Literature review
4. Hypotheses and propositions
5. Data description and identification strategy
6. Results and limitations of the research
7. Discussion, extensions, and conclusions
8. References (in APA or Chicago style) with at least three papers from the JCR list

For example, a tentative approach to the research paper could be the longitudinal and regional cross-section analysis of Article 4 for a specific country.

Bonus points will be given to papers written using LaTeX and BibTeX.

George Mason University Honor System and Code

George Mason University's Honor Code requires all community members to maintain the highest standards of academic honesty and integrity. Cheating, plagiarism, lying, and stealing are all prohibited. Honor Code violations will be reported to the Honor Committee. Plagiarism is not accepted (statements from Macon web site: <http://mason.gmu.edu/montecin/plagiarism/htm#plagiarism>).

The use of electronic devices is prohibited during an exam or a quiz; failure to comply with this will result in your failure of the assignment and potentially the failure of the class. Make sure to familiarize yourself with the GMU Honor Code, which is stated in the George Mason University Undergraduate Catalog.

Accommodations for students with disabilities

Please contact myself the Office of Disability Resources at 703-993-2474 prior to the first exam. All accommodations are to be arranged ahead of time through the Office of Disability Resources. The professor does not have the power to provide accommodations to the students on their own.

Outline

PART I: INTERNATIONAL TRADE

- Aug 31, 2016 *Introduction to international trade*, KOM Ch. 1–2
 On subjective Value: <http://www.learnliberty.org/content/subjective-value-0>
 Video: <http://mruniversity.com/courses/international-trade/gravity-equation-and-cost-trade>
- Sept 7, 2016 *Ricardian model*, KOM Ch. 3
 Videos on comparative advantage: <http://mruniversity.com/courses/international-trade/comparative-advantage>
<http://mruniversity.com/courses/everyday-economics/comparative-advantage-and-tragedy-tasmania>
- Sept 14, 2016 *Specific factors model*, KOM Ch. 4 [My birthday :)]
 Video on the specific factors model: <http://mruniversity.com/courses/international-trade/specific-factors-models>
- Sept 21, 2016 *Heckscher-Ohlin model*, KOM Ch. 5
 Video on the standard trade model: <http://mruniversity.com/courses/international-trade/heckscher-ohlin-theorem>
- Sept 28, 2016 *Firms in international trade*, KOM Ch. 7–8
 Videos on the division of labor: <http://mruniversity.com/courses/everyday-economics/division-labor-burgers-and-container-ships>
<http://mruniversity.com/courses/everyday-economics/division-knowledge-medicine-specialities>
- Oct 5, 2016 *Mid-term exam*
- Oct 12, 2016 *Protectionism and barriers to trade*, KOM Ch. 9–10
 Article on the U.S. History of protectionism: <http://www.cato.org/publications/commentary/truth-about-trade-history>
 Video on the U.S. subsidies by government lending: <http://www.cato.org/multimedia/media-highlights-tv/veronique-de-rugy-discusses-importexport-bank-subsidy-beneficiaries>
- Oct 19, 2016 *Trade policies and controversies*, KOM Ch. 11–12
Oxford debate: Brexit—“Stay” versus “Exit”
 Rules: <http://www.studymode.com/course-notes/Format-Of-Debate-Oxford-Oregon-Type-1856069.html>; Example: <https://www.youtube.com/watch?v=8K222vPeflg>
- ### PART II: INTERNATIONAL MONEY
- Oct 26, 2016 *National income accounting and balance of payments*, KOM Ch. 13
 Sovereign debt—a blog posts on some basics: <http://www.economicshelp.org/blog/256/economics/govern-ment-debt-and-the-trade-deficit/>
 Vulture funds—two articles on Argentina’s debt debacle: <http://www.thejournal.ie/readme/column-the-vulture-fund- eyeing-argentina-and-what->

- [it-means-for-other-indebted- states-810894-Feb2013/](#)
<http://www.economist.com/news/americas/21608638-clock-ticking-toward-argentine-default-unsettling-times>
- Nov 2, 2016 *Introduction to exchange rates*, KOM Ch. 14–15
- Nov 9, 2016 *Exchange rates in the long- and short-run*, KOM Ch. 16–17
- Econtalk with Don Boudreaux on China, Currency Manipulation, and Trade Deficits:
http://www.econtalk.org/archives/2010/11/don_boudreaux_o_4.html
- Nov 16, 2016 *Fixed exchange rates*, KOM Ch. 18
- Video on the gold standard: <http://www.learnliberty.org/videos/what-gold-standard>
- Nov 23, 2016 Holiday—Thanksgiving
- Nov 30, 2016 *International monetary systems*, KOM 19–20
- Paper: Mundell, Robert A. (1961). A Theory of Optimal Currency Areas, *American Economic Review*, 51(4): 657-665.
- Dec 7, 2016 *Financial globalization and crises*, KOM Ch. 21–22
- Video with Lawrence White explaining free banking:
<https://www.youtube.com/watch?v=0PyS2NtW3xA>
- Paper by Luther and White on Bitcoin:
http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2446604