

# Wesleyan University

## ECON 270: International Economics

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Fall 2024, TR 2:50-4:10, SCIE 121  
Office Hours: T 12-1, R 1-2,  
or by appointment

This class examines the economic interactions between countries in the world economy and recent international economic events. The first part of the course will focus on explaining trade patterns between countries and the gains and losses associated with international trade. Trade policies such as tariffs and the institutional arrangements governing them (e.g., the World Trade Organization) will also be analyzed. The second part of the course covers international finance topics including the balance of payments, exchange rates, and the history of the international monetary system. We will also discuss how international linkages between countries affect economic development.

### Prerequisites

The course is intended to be accessible for students with an introductory-level background in economics. While you will learn about economic theory and policy in this class, the emphasis will lie on using the tools you encountered in Economics 110 (or 101). Economics majors who want to be exposed to a more advanced treatment of international trade and international finance topics are encouraged to take ECON 371 and ECON 331.

### Course Materials

Books: 1. Dominick Salvatore, *Introduction to International Economics*, 3rd edition (ISBN: 9780470934890).

2. Douglas A. Irwin, *Free Trade under Fire*, 5th edition (ISBN: 9780691201009)

Note: The e-book version of the book can be accessed free of charge through the Wesleyan library homepage: [Link](#)

Moodle: I will post additional readings and other course materials (problems sets, practice exams, etc.) on our Moodle course site during the semester.

In addition to completing the readings for the class, I also require you to follow current (international) economic events. Good sources of international economics news are *The Economist*, *The Wall Street Journal (WSJ)* or the *Financial Times (FT)*. This is a good way to experience international economics 'in action' and to apply the concepts you learn in class to the real world. You can find links to current subscription offers on the Moodle course site. The full online content of the WSJ, FT and *The Economist* can also be accessed free of charge through the [library](#). I will devote part of some classes to the discussion of current news items.

## Course Requirements

There will be two in-class non-comprehensive exams, a final paper and regular problem sets. The weights of the different elements for the final course grade are:

- Problem sets (10%): There will be five problem sets over the semester, one of which will be a brief writing assignment in place of a collection of shorter questions. Each of them will be assigned one week before the due date. Problem sets are due in class. If you cannot make it to class, you need to contact me and leave your problem set before class in my mailbox in PAC 111. Late problem sets will not be accepted, and no extensions will be granted. You are encouraged to work together on the problem sets. However, I require an individual write-up by each student.
- Exam 1 (30%): tentatively scheduled for Tuesday, October 15.
- Exam 2 (30%): tentatively scheduled for Thursday, December 5.
- Final paper (25%): due by 6pm on Friday, December 13. Students will be required to write a short paper on a current news event of their choosing. Detailed information on the paper requirements will be distributed after the first two weeks of the semester.
- Class participation (5%): I highly value class participation and encourage you to raise questions and to comment on level, pace and the content of the course during the semester. In addition, I will frequently open topics up for discussion. General guidelines for your class participation grade: frequent absences (or tardiness): *C*, demonstration of good understanding of material through occasional participation in class discussion: *B*, frequent participation in class discussion and raising insightful questions: *A*.

## Class Organization

You are responsible for completing all assigned readings before coming to class. This course covers a lot of ground and it will be impossible to discuss every important point in lecture. Reading the textbook and other assigned materials is therefore critical to developing a good understanding of the course material. In the lectures, we will also frequently extend the material beyond what you find in the textbook, which requires prior familiarity with the assigned readings.

In order to not divert my or the attention of your classmates, the use of cell phones and laptop computers is not permitted during class time. You are allowed to use a tablet to take notes. However, any other usage is not permitted to minimize distractions for others in the classroom. Violations of this policy will lower your class participation grade.

Wesleyan University is committed to ensuring that all qualified students with disabilities are afforded an equal opportunity to participate in, and benefit from, its programs and services. To receive accommodations, a student must have a disability as defined by the ADA. Since accommodations may require early planning and generally are not provided retroactively, please contact Accessibility Services as soon as possible. If you have a disability, or think that you might have a disability, please contact [Accessibility Services](#) in order to arrange an appointment to discuss your needs and the process for requesting accommodations. Accessibility Services is located in

North College, room 021, or can be reached by email ([accessibility@wesleyan.edu](mailto:accessibility@wesleyan.edu)) or phone (860-685-2332).

## Grading and Exams

In the case of serious illness, or some other emergency, students may ask, in advance, for permission to take an exam at a later date. If you are not able to make it to an exam due to a serious reason, you have to contact me on the same day and explain what happened. In order to be eligible to reschedule an exam, you must provide proper valid documentation, such as a doctor's note.

In case you believe a grading mistake has been made on a problem set or exam, you may submit a written request for a re-grade within one week after the assignment was returned. As a result of a re-grade, your grade can go up, down, or stay the same.

In line with [FERPA](#) regulations, no grading information will be shared via email. In case of grading questions, students are encouraged to attend office hours.

## Honor Code

I expect you to adhere to the [Wesleyan University Honor Code](#). All submitted work, whether it is an exam, problem set or paper, must be your own. Although I encourage you to work together on problem sets, I require an individual write-up by each student and I will not tolerate if you copy others' work. Any academic dishonesty will be reported to the Vice President for Student Affairs and the Student Honor Board.

## Tentative Course Schedule\*

Note: I=Irwin (5<sup>th</sup> edt), S=Salvatore (3<sup>rd</sup> edt)

Class	Date	Reading	Topic	Notes
1	09/03	I (ch. 1)	I. The World Economy	
2	09/05			
3	09/10	S (ch. 2)	II. International Trade Theory	
4	09/12	I (p. 48-69)		PS 1 due
5	09/17	S (ch. 3)		
6	09/19	I (p. 119-137)		
7	09/24	S (ch. 4.1-4.5)		
8	09/26	S (ch. 4.6-4.7)		PS 2 due
9	10/01	S (ch. 5)	III. Trade Policy	
10	10/03	I (p. 84-97, p. 103-111)		
11	10/08	S (ch. 6.1-6.5)		
12	10/10	I (ch. 5)	IV. The WTO	PS 3 due
<b>Exam 1</b>	<b>10/15</b>			
13	10/17	I (p. 257-281)		
14	10/24	I (p. 281-314)		

15	10/29	S (ch. 10)	V. Balance of Payments and Exchange Rates	
16	10/31	S (ch. 11)		
17	11/05	S (ch. 12.1-12.4)		
18	11/07	S (ch. 12.5-12.8, 13.1-13.3)		PS 4 due
19	11/12	S (ch. 13.4-13.9)	VI. Open Economy Macroeconomics	
20	11/14	S. (ch. 15)		
21	11/19	S. (ch. 16.1-16.3)	VII. The International Monetary System	
22	11/21	S. (ch. 16.4-16.8)		PS 5 due
23	11/26	S. (ch. 8.1-8.6), I (p. 209-240)	VIII. Openness and Economic Growth	
24	12/03	S. (ch. 8.8-8.9, 16.9-16.10)		
<b>Exam 2</b>	<b>12/05</b>			

\*Check regularly for an updated version on Moodle

**Additional Readings (all available on Moodle):** \* indicates required reading

### I. The World Economy

\*Smith, Colby and Sam Fleming, “IMF Warns of ‘Bumps’ on Road to Lower Inflation,” *Financial Times*, July 16, 2024.

<https://www.ft.com/content/57760c19-c61b-4590-94c8-baf6a433c7b4>

\**The Economist*, “The World’s Economic Order Is Breaking Down,” May 9, 2024.

<https://www.economist.com/briefing/2024/05/09/the-worlds-economic-order>

### II. International Trade Theory

\**The Economist*, “Bold Strokes,” October 16, 2008.

<http://www.economist.com/node/12429411>

\**The Economist*, “An Inconvenient Iota of Truth,” August 6, 2016.

<http://www.economist.com/node/21703350>

Mankiw, Greg, “Ricardo vs. Heckscher-Ohlin,” *Blog Post*, April 28, 2007.

<http://gregmankiw.blogspot.com/2007/04/ricardo-vs-heckscher-ohlin.html>

### III. Trade Policy

\*Chatzky, Andrew, Anshu Siripurapu and Noah Berman, “What Are Tariffs?” *Council on Foreign Relations*, June 21, 2024

<https://www.cfr.org/backgrounder/what-are-tariffs>

\**The Economist*, “The Battle of Smoot-Hawley,” December 18, 2008.

<http://www.economist.com/node/12798595>

#### **IV. The WTO**

\*Ip, Greg, "Who Is Going to Police the New World Trading System?" *The Wall Street Journal*, January 14, 2023.

<https://www.wsj.com/articles/world-trade-organization-sidelined>

\*Ossa, Ralph, "WTO Success: No Trade Agreement But No Trade War," *VoxEU.org*, June 11, 2015.

<http://voxeu.org/article/wto-success-no-trade-agreement-no-trade-war>

Schmidt, John, "How We Created the WTO: A Memoir," *Wilson Quarterly*, Summer 2015.

<https://www.wilsonquarterly.com/quarterly/summer-2015-how-we-created-the-wto>

#### **V. Balance of Payments and Exchange Rates**

\*Federal Reserve Bank of St. Louis, "Understanding the Roots of the U.S. Trade Deficit" *Regional Economist*, Third Quarter 2018.

<https://bit.ly/2FLpZrp>

\**The Economist*, "Should America Want a Strong Dollar? It's Complicated," February 9, 2017.

<https://econ.st/2RUzmvC>

#### **VI. Open Economy Macroeconomics**

\*Ghosh, Atish R., Qureshi, Mahvash S. and Tsangarides, Charalambos G., "The Cost of Tying One's Hands," *Finance & Development*, 51(2), June 2014.

<http://www.imf.org/external/pubs/ft/fandd/2014/06/ghosh.htm>

Back, Aaron, "Waiting to Ride Japan's Export Curve," *The Wall Street Journal*, March 11, 2014.

<https://on.wsj.com/2MAggbd>

#### **VII. The International Monetary System**

\*Eichengreen, Barry, "Is De-dollarisation Happening?" *VoxEU Column*, May 12, 2023.

<https://cepr.org/voxeu/columns/de-dollarisation-happening>

\**The Economist*, "The Global Monetary System: Not Floating, But Flailing," July 5, 2014.

<http://www.economist.com/node/21606322>

Friedman, Milton, "The Euro: Monetary Unity to Political Disunity?" *Project Syndicate*, August 28, 1997.

<http://www.project-syndicate.org/commentary/the-euro--monetary-unity-to-political-disunity>

## VIII. Openness and Economic Growth

\*Irwin, Douglas, “Globalization Enabled Nearly All Countries to Grow Richer in Recent Decades,” *Peterson Institute for International Economics*, June 16, 2022.

<https://bit.ly/3cb0Xoi>

\**The Economist*, “Why Is the Idea of Import Substitution Being Revived?” November 6, 2020.

<https://www.economist.com/why-is-the-idea-of-import-substitution-being-revived>

Jackson, Selina, “Growth and Development: Why Openness to Trade is Necessary but Not Sufficient,” *The Brookings Institution – Future Development Blog*, November 23, 2015.

<https://brook.gs/2RE7Nag>