

**International Economics**  
**IE 520C**  
**Fall 2002**  
**Monterey Institute of International Studies**

Instructor: Dr. Robert M. McNab  
Email: [rmmcnab@nps.navy.mil](mailto:rmmcnab@nps.navy.mil)  
Website: <http://www.nps.navy.mil/rmmcnab>  
Class Hours: 4pm-6pm, Monday and Wednesday, Unless Noted Otherwise  
Office Hours: Monday and Wednesday, 6pm-7pm, Otherwise by appointment  
Prerequisite: Managerial Economics or Principles of Economics or equivalent within the past three years

**I. Course Description**

This course focuses on the theory and practice of international trade and the international monetary system. In the first part of the course, we will examine the theory of international trade and discuss trade policies, to include tariffs and non-tariffs barriers to trade, subsidies and other preferential trade arrangement, and the emergence of free trade areas and unions. In the second part of the course, we will examine the theory of international finance and discuss the operation of foreign exchange markets, exchange rate determinants, and contagion. We will also examine how various policy choices, to include different exchange rate regimes, unions, and domestic policy may affect international financial flows and markets.

**II. Course Objectives**

The objective of this course is to provide students with the tools to understand trade and international finance policy issues. Students will gain an understanding of how economic principle and models are applied in the international context and will be responsible for developing policy proposals to deal with contemporaneous international policy issues.

**III. Course Materials**

Students are required to read materials posted to the class website before each class. Students are highly encouraged to read the *Financial Times*, the *Economist*, and the Wall Street Journal.

Robert J. Carbaugh. *International Economics*, Eighth Edition.

As a significant component of the class will be discussion between students and interaction with the instruction, students are encouraged to read more than the required material before each class.

#### **IV. Instructional Methodology**

This course will be conducted in a lecture/discussion format. Students are expected to have read the required material before each class.

#### **V. Evaluation**

Grading will be conducted on a traditional linear scale that is not subject to a curve, that is, 100-90=A, 80-89=B, and so on.

The grade will be determined by the student's performance on **two exams and two policy memorandums** as follows:

Policy Memorandum 1	10 Percent of Grade
Midterm Examination	40 Percent of Grade
Policy Memorandum 2	10 Percent of Grade
Final Examination	40 Percent of Grade

Make-ups are rarely allowed and are solely the discretion of the instructor.

#### **VI. Schedule**

The course schedule is subject to change. Changes to the class schedule will be announced in class and posted to the class discussion list. All classes will be held on Monday and Wednesday at the regularly scheduled times. A guest lecturer may be scheduled for the following dates:

Monday, October 21 and Wednesday, October 23

*In the event that a guest lecturer is not scheduled, makeup lecture dates will be announced no later than October 1<sup>st</sup>.*

#### **VII. Important Dates for Fall 2002 Semester**

September 16, 2002	Deadline to add full-length fall course
September 16, 2002	Last day for 100% refund
September 30, 2002	Last day for 75% refund
October 7, 2002	Deadline to drop a full-length fall course
October 7, 2002	Last day for 50% refund, 0% refunds after October 7
November 28-29, 2002	Thanksgiving Holiday
December 17, 2002	End of Fall Classes

*It is the student's responsibility to be aware of these and other important dates. The instructor will not drop students from the class roll.*

Section I Trade Theory and Trade Policy

September 4:	Globalization and Development	(Chapter 1)
September 9-11:	Foundations of Trade Theory	(Chapter 2)
September 16-18:	Trade Theory and Assumptions	(Chapters 2, 3)
September 23-25:	Increasing Costs and Theory	(Chapter 4)
September 30:	Globalization, Trade, and Development	(Readings)

**September 30-October 2**

**Policy Memorandum 1: Trade Policy and Development**

October 2:	Do Trade Barriers Hurt the Poor?	(Readings)
October 7-9:	Tariffs and Non Tariff Barriers	(Chapters 5,6)
October 14-16:	Other trade policy instruments	(Chapter 7-9)
October 21-23	TBD	
October 28:	Poverty and Trade	(Readings)
October 30:	Trade and the Environment	(Readings)

**October 31 - November 4**

**Mid-Term Exam 1: Trade Theory and Policy**

Section II International Monetary Theory and Trade Policy

November 4:	Balance of Payments	(Chapter 11)
November 6:	Exchange rates and markets	(Chapter 12)
November 11-13:	Exchange rates and markets	(Chapters 13- 14)
November 18-20:	Debt, Trade, and the Poor	(Readings)

**November 20-25: Policy Memorandum 2**

November 25-27:	Financial Instability and Development	(Chapters 15-16)
December 2-4:	Contagion and Corruption	(Readings)
December 9-11:	Globalization, Trade, and Development	(Readings)

**Final Exam: Trade, Finance, and Development**

*(All dates and subjects are tentative and subject to change)*