EC 340: INTERNATIONAL ECONOMICS

International economics is a huge subject, generally broken down into two parts: international trade theory and policy, and international monetary theory and policy, roughly corresponding to the basic subjects of micro- and macro-economics, but at a more advanced and specialized level.

Fortunately, in an intensive 4-week course such as this, these subjects divide again fairly neatly into the following four topics: 1) trade theory; 2) trade policy; 3) monetary (exchange rate) theory; and 4) monetary (exchange rate) policy. There will be a take-home midterm exam on trade theory and policy, and a final exam on the monetary and exchange-rate (“macro”) theory and policy.

The text we will be using is T. A. Pugel, *International Economics* (latest edition is 14th(?), but “recent” editions are OK. Also, other books are usually fine as alternatives but check with me if you are unsure. There will be some books on library 2-day reserve as well).

Topics and recommended readings (Pugel chapters):

M 7/21: History of global trade
T 7/22: Comparative Advantage (Ch. 3)
W 7/23: Modern Trade theory (“Heckscher-Ohlin”) (Ch. 4)
H 7/24: Gains from trade; the effects of tariffs and quotas (Chs 5,8)

M 7/28: 20th century trade policy: trade warfare and the establishment of the GATT (Ch 9)
T 7/29: Arguments for protection (Ch. 10)
W 7/30: The re-emergence of “trade policy”: the last 50 years (Chs. 11,12)
H 7/31: Trade and development; the EU (Chs 14,15)

M 8/4: NO CLASS (take-home midterm due on Aug 6th)
T 8/5: NO CLASS (unavoidable commitment!)
W 8/6: Review of closed-economy macroeconomics
H 8/7: The balance of payments (BoP) (Chs 17,18)

M 8/11: Open-economy macro: floating exchange rates (Chs 19,22)
T 8/12: Open-economy macro: “pegged” rates (Chs 23)
W 8/13: Post- 1945 exchange rate coordination; the role of the IMF (Chs 20,21)
H 8/14: The rise and fall(?) of the “almighty dollar” (Ch 24)
F 8/15: Recent events in the international economy: the EU, US policy (Ch 25);
***** Take-home final hand-out: DUE MON 8/18 (by 4pm!)

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