

Rose-Hulman Institute of Technology / Department of Humanities & Social Sciences / K. Christ  
Winter Quarter, 2008 – 2009 / GL458, International Trade and Globalization

SYLLABUS

Times & Location: Section 1, MTRF, 3<sup>rd</sup> hour (9:55 – 10:45), Moench B106  
Section 2, MTRF, 4<sup>th</sup> hour (10:50 – 11:40), Moench B106  
Instructor: Kevin Christ, Moench A-203d, phone: 872-6226  
email: [kevin.christ@rose-hulman.edu](mailto:kevin.christ@rose-hulman.edu)  
Course web site: <http://www.rose-hulman.edu/~christ/intlecon.htm>

**1. Course Description and Readings**

GL458 is a global issues elective. SL151, Principles of Economics (or its equivalent), is a prerequisite. The field of international economics is concerned with two broad areas of economic inquiry:

- The determinants and consequences of international trade, including consideration of the political economy of international trade and globalization.
- The international adjustment process, which works via exchange rates and international capital flows. This area also considers the consequences of various macroeconomic policies.

This course provides detailed coverage of the first of these areas.

Textbook: Paul Krugman and Maurice Obstfeld, International Economics, Theory and Policy, 8<sup>th</sup> ed. (2009), Pearson Addison-Wesley.

Supplemental Readings: To be announced.

**2. General Course Policies**

- Students are expected to participate actively in class discussions. Excessive absences or tardiness, at a minimum, may result in forfeiture of attendance and participation credit, and may result in a failing grade for the course. Students are encouraged to review the Institute's Academic Rules and Procedures handbook for the Faculty's policy on class attendance.
- The professor reserves the right to amend course policies and schedule, and/or to add/delete items or topics. There will, however, be no individual extra credit opportunities.

**3. Evaluation Criteria and Grading Scale**

Attendance, Participation, Quizzes and Homework	10%	A	90% or better
Three Exams	60%	B	80% - 89%
Term Project	30%	C	70% – 79%
		D	60% – 69%
		F	Less than 60%

**4. Course Schedule** (Consult the course web site for updates and supplemental readings)

- 1: Overview of U.S. and World Trade; International Accounts** | Krugman & Obstfeld, 1, 2, and 12
- 2: Comparative Advantage and Ricardian Trade** | Krugman & Obstfeld, 3
- 3: Specific Factors and Heckscher-Ohlin Models** | Krugman & Obstfeld, 4
- 4: A Generalized Approach to Trade** | Krugman & Obstfeld, 5
- 5: Market Structure and International Trade** | Krugman & Obstfeld, 6
- 6: International Factor Movements** | Krugman & Obstfeld, 7
- 7: Instruments of Trade Policy** | Krugman & Obstfeld, 8
- 8: Political Economy of International Trade** | Krugman & Obstfeld, 9
- 9: Current Issues in Trade Policy** | Krugman & Obstfeld, 10 and 11
- 10: Controversies Related to International Trade and Globalization** | TBD

## 5. Term Project

Your term project for this class will be a research paper discussing trade patterns and trade issues for some country other than the United States. Your paper should include a thorough examination of a country's trade patterns and terms of trade. You should discuss how theoretical models of trade do or do not help us understand the country's trading patterns. You will also want to discuss any distributional effects that stem from trade policies. As part of this discussion, you should consider various institutional features that influence trade for your chosen country, and explain how these features affect the country as a whole. The research paper should be 2,000 to 2,500 words in length, exclusive of tables, charts, bibliography, or other addendums. Your research should incorporate trade data relevant to the chosen country (preferably from an official statistical agency) and secondary material from business publications or economic journals. In addition to a simple cover page and a comprehensive bibliography, the paper must include the following:

- A set of at least three tables summarizing (1) the country's balance of payments, (2) the country's key trading partners, and (3) the country's top exports and imports. Charts are optional, but may be helpful in describing changes over time to the country's current account, terms of trade, or exchange rate.
- A section discussing the country's trade patterns. This section should provide a reader with a detailed overview and explanation of the country's trading position. The afore-mentioned tables are to support this section of the paper. Have there been recent significant changes in the country's balance of payments position? What implications do these changes have for the country's trading position and overall economic stability? To what degree do models of comparative advantage or imperfect competition explain the observed patterns of trade? Do historical relationships with other countries seem to influence the observed pattern of trade?
- A section discussing the political economy of trade for the chosen country. This section should survey and assess the trade policies of the country. Does the country's government explicitly offer protection or subsidies to any industries in order to facilitate exports or otherwise influence the pattern of trade? If so, evaluate the policies – in your view, have they been successful or detrimental, and what constituencies have been helped and/or hurt by these policies? Are there other elements of the country's trade and commercial policies that a multinational business should consider if it were doing business in this country?
- A section summarizing the effects of trade liberalization / globalization on the chosen country. This section should summarize recent trends in the country's terms of trade and review the effects of trade liberalization and globalization through the eyes of various constituencies within the country. Has trade liberalization contributed to economic and social tensions or has it been unambiguously beneficial to the population of the country?

### Deadlines

Country selection approved by professor: By Friday, December 12

Country-specific trade statistics tables: In class Friday, December 19

Draft of section 1: In class, Friday January 16

Draft of sections 2 and 3: In class, Friday, February 6

Final paper: Noon, Wednesday, February 18

Submission to Rose-E-Portfolio Learning Outcome RH4, Criterion B1: 5:00 p.m., Friday, February 20. (No grade will be assigned until the project has been submitted to the Rose-E-Portfolio.)

### Evaluation Criteria

Your project will be evaluated on the following criteria:

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| 1. Intermediate deadlines (12/19, 1/16, 2/6): Neatness and deadlines met                      | 30% |
| 2. Final document:  |     |
| • Content: Conformance to outline above and evidence of outside research                      | 40% |
| • Writing Quality and Style: Grammar, usage, and conformance to style guidelines <sup>1</sup> | 30% |

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<sup>1</sup>Style guidelines for research papers in economics will be handed out in class.