310203 INTERNATIONAL ECONOMICS (AUSSENWIRTSCHAFT)
WINTER 2014/15

INSTRUCTOR: Professor Hâle Utar

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Office Hour: Monday 5:00-6:00pm and by appointment

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Course Description

This is an undergraduate course in international economics. International economics is about how nations interact through: trade of goods and services, flows of money, and investment. International economics is an old subject, but continues to grow in importance as countries become tied more into the international economy. Nations are now more closely linked than ever before. This course provides an introduction to the theory of international trade and international monetary economics. The theoretical background is used as a basis for discussion of policy issues. We will cover gains from trade, patterns of international trade and production; tariffs, and other impediments to trade; effects of government policies on
trade, balance of payments, and as time allows, foreign exchange markets, capital flows, and coordination of monetary and fiscal policy in a global economy.

**Course Readings** The required textbook for this class is:

- International Economics: Theory and Policy, by Paul R. Krugman, Maurice Obstfeld, and Marc J. Melitz (available in its tenth edt.)

**Course Outline**

♣ Basic Microeconomics and Tools of Welfare Economics

♣ Labor Productivity and Comparative Advantage: The Ricardian Model

♣ Specific Factors and Income Distribution

♣ Resources and Trade: The Heckscher-Ohlin Model

♣ The Standard Trade Model

♣ External Economies of Scale and the International Location of Production

♣ Firms’ in the Global Economy: Export Decisions, Outsourcing, and Multinational Enterprises

♣ The Instruments of Trade Policy

♣ National Income Accounting and the Balance of Payments

♣ Exchange Rates and the Foreign Exchange Rate Market

♣ Money, Interest Rates, and Exchange Rates

♣ Price Level and The Exchange Rate in the Long Run
Time and Location

- Lecture
  Monday 12:00-14:00pm, X-E0-202

- Exercise and Q&A Session (Praktische Übung)
  Thursdays 12:00-2:00pm, U2-205
  Fridays 10:00-12:00am, T2-227

EXAM
You are expected to participate in the class and attendance is strongly recommended. There will be one written exam which will take place during the class time on Feb 2.

Homework (HW) Assignments
There will be two homework assignments. The first assignment will be due on the week of Nov 17. The second assignment will be due on the week of Jan 5. Students who are registered for Praktische Übung are required to submit the homework assignments and get a passing grade in order to receive credits for Praktische Übung.