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Economics 421 International Economics, Fall 2023

University of Tennessee, Knoxville

Course Section: Econ 421-001

Meeting Time and Place: Tues, Thurs 12:55-2:10 in HBB 304

Course Credit Hours: 3 hours

Faculty Contact Information

Professor: Scott Holladay

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Phone: (865) 974-4193

Office Hours: Tuesday/Thursday 11-12 and by appointment

Course Description/Information:

The purpose of this course is to introduce you to some important concepts and issues in International Economics. We will cover both the micro and macro components of International Economics: international trade and international finance. In the international trade section we will answer questions such as: Why do countries trade with each other? What makes companies successful in international trade? How should we design trade policy? In international finance, we will discuss a broad range of topics including exchange rate determination, how exchange rates affect consumers and companies and how international investment flows affect workers and the economy.

Credit Restriction: Students may not receive credit for both Econ. 421 and International Business 429.

Prerequisite: Econ 311 or 312.

Value Proposition:

This course is designed for future managers of businesses that engage in international trade, compete with imports from foreign countries or may in the future. Each student will develop tools to solve the problems

business managers face daily and implement effective strategies to deal with the challenges and opportunities that international trade and finance present.

Student Learning Outcomes/Objectives:

Successful students will understand the causes, costs and benefits of international trade at the country, industry and company level. They will be able to calculate and forecast exchange rates. Students will recognize how international economics relates to their roles as consumers, workers, and voters.

Learning Environment:

The class will rely on a mixture of lecture, discussion and in class group work. Students should come to class prepared to participate and foster an inclusive, respectful atmosphere. [Recent research](#) has [shown](#) that using laptops during class reduces the performance of students and those around them. We will have occasional in class labs in which students are encouraged to use their laptops. Outside of those designated classes students will not use laptops.

How to Be Successful in This Course:

Class attendance is not mandatory, but the most successful students tend to attend class frequently and read the assigned materials in advance. Successful completion and review of the problem sets is highly correlated with students' final grades. Students who demonstrate an understanding (as opposed to a memorization) of the material presented in class tend to receive the highest course grades. This type of understanding is fostered by teaching the materials to other students.

Texts/Resources/Materials:

Text book: [International Economics: Theory and Policy](#), (12e). Paul Krugman, Maurice Obstfeld and Marc Melitz. Addison Wesley, 2014. ISBN: 978-0133423648. The book is available through inclusive access. You may also opt out and buy the book. If you buy the book on your own, it is available from multiple online bookstores for less than \$50. The 11th edition is also acceptable.

- Additional Content: Readings and videos will be available online and shared on Canvas. Some online readings may require a student be on campus or use the VPN for free access.
- Course Webpage: The course website is available on Canvas. The site will be used for sharing problem sets, additional readings and other important course materials.

Course Resources:

I will use Canvas to share most of the materials from this class. Reading quizzes will be conducted online through Canvas. Homework will due in class in hard copy. Students will need access to spreadsheet (Excel or Google Sheets) and word processing (Word or Google Docs) occasionally throughout the semester.

Major Assignments and Exams

- Final Exam (25%): The final will cover all course materials from lectures, readings and in course presentations. The final exam will be held Wednesday, December 13th from 3:30-6:00 PM.
- Midterms (40%): There will be two in-class midterm exams. The first will cover international trade and the second will cover international finance. Each will count for 20% of the course grade. Dates for midterms will be announced in class and posted to Canvas. Approximate dates are available in the course outline section of the syllabus. There will be no make-ups for missed midterms. Students who miss a midterm with an excused absence will have the weight from that exam shifted to the final. Students who miss a midterm without a valid excuse will be given a grade of zero.

- Country data exercises (10%): Each student will select a country and complete three short exercises describing their country. The exercises will require research, data collection and analysis and writing. More details about each assignment will be posted to Canvas.
- Problem Sets (15%): Short problem sets assigned periodically throughout the semester. The problems serve primarily to check students' understanding of important foundational materials and as exam preparation. The problems, due dates and solutions will be posted to Canvas. Problem sets may be completed in groups of up to three students and will be graded for completeness, effort and correctness.
- Reading Pre-test (5%): Short quizzes will be posted to Canvas approximately once a week covering the week's reading and asking for guidance on what material you understand and which material you would like covered in depth during class time. You can drop your lowest reading quiz of the semester.
- Class Participation (5%): Students are expected to have read the assigned materials before class, contribute to discussions, and listen to each other and the professor. Students who are distracted by outside technology during class will (at a minimum) have class participation points docked.

Course Requirements, Assessments, and Evaluations:

Scores on each of the assignments described above will be averaged according to the weights in parentheses. Grades in the course will be assigned as follows:

A 93-100	B 83-87	C 72-77	D 62-67
A- 90-92	B- 80-82	C- 70-71	D- 60-61
B+ 88-89	C+ 78-79	D+ 68-69	F Below 60

Academic Integrity:

“An essential feature of the University of Tennessee, Knoxville is a commitment to maintaining an atmosphere of intellectual integrity and academic honesty. As a student of the university, I pledge that I will neither knowingly give nor receive any inappropriate assistance in academic work, thus affirming my own personal commitment to honor and integrity.”

University Civility Statement:

Civility is genuine respect and regard for others: politeness, consideration, tact, good manners, graciousness, cordiality, affability, amiability and courteousness. Civility enhances academic freedom and integrity, and is a prerequisite to the free exchange of ideas and knowledge in the learning community. Our community consists of students, faculty, staff, alumni, and campus visitors. Community members affect each other's well-being and have a shared interest in creating and sustaining an environment where all community members and their points of view are valued and respected. Affirming the value of each member of the university community, the campus asks that all its members adhere to the principles of civility and community adopted by the campus: <http://civility.utk.edu/>.

Disability Services:

Any student who feels s/he may need an accommodation based on the impact of a disability should contact Student Disability Services in Dunford Hall, at 865-974-6087, or by video relay at, 865-622-6566, to coordinate reasonable academic accommodations.

Your Role in Improving Teaching and Learning Through Course Assessment:

At UT, it is our collective responsibility to improve the state of teaching and learning. During the semester, you may be asked to assess aspects of this course either during class or at the completion of the class. You are encouraged to respond to these various forms of assessment as a means of continuing to improve the quality of the UT learning experience.

Key Campus Resources for Students:

- [Center for Career Development](#) (Career counseling and resources; HIRE-A-VOL job search system)
- [Course Catalogs](#) (Listing of academic programs, courses, and policies)
- [OIT HelpDesk](#) (865) 974-9900
- [Schedule of Classes/Timetable](#)
- [Student Health Center](#) (visit the site for a list of services)
- [Student Success Center](#) (Academic support resources)
- [Undergraduate Academic Advising](#) (Advising resources, course requirements, and major guides)

Course Outline/Assignments/Units of Instruction/Clinic Schedule:

Lecture	Week	Topic	Reading
1	Aug 21	Course Introduction	
Part 1: International Trade			
2	Aug 28	Intro to Trade Theory	Krugman, Obstfeld and Melitz (KOM) Chap 1, 2
3	Sep 4	Comparative Advantage	KOM Chap 3*
4	Sep 11	Resources and International Trade	KOM Chap 5
5	Sep 17	Firms in International Trade	KOM Chap 8
6	Sep 25	Firms in International Trade (cont.)	*
7		<i>Midterm 1</i>	
Part 2: Policy and Macro			
8	Oct 2	Trade Policy	KOM Chap 9, 10*
9	Oct 9	Short Run Exchange Rates (Fall break Tuesday)	KOM Chap 14
10	Oct 16	Law of One Price	KOM Chap 16
11	Oct 23	Fixed Exchange Rates	KOM Chap 18
12	Oct 30	<i>Midterm 2</i>	
Part 3: Special Topics			
13	Nov 6	Student selected special topic	TBA
14	Nov 13	Student selected special topic	TBA
15	Nov 20	Student selected special topic (Thanksgiving Break Thursday)	TBA
16	Nov 27	Student selected special topic	TBA
17	Dec 4	Student selected special topic	TBA

Weeks are listed by Monday's date. This outline is subject to change at the discretion of the professor. All changes will be announced in class and on Canvas. * indicates additional outside readings or videos. This information will be posted to Canvas.