

Brigham Young University  
**Economics 257 – Introduction to International Economics**  
Section 1 Ref# 1587  
Winter Semester 2006

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Office Hours:	MW	9:30 – 11:30 a.m.	166 FOB
	and by appointment		
Lectures:	MW	3:00 – 4:15 p.m.	B037 JFSB
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This class is an introduction to international economics, but not to economics as a discipline. It is assumed that you have already take a class on the principles of economics (such as Econ 110) and are familiar with basic economic concepts. This course will use those concepts to focus on two very different fields.

International Trade – Here will focus on simple, but rigorously derived models of how goods are supplied and demanded within and between countries. This will be the most challenging part of the course for most students, especially those who are uncomfortable with using algebra as a modeling tool. The rewards from this effort, however, are that we are able to confidently examine international policy issues. Most students are interested in international economics for its practical applications, but in order to look at applications we must first have something to apply. Once we understand the basic intuition behind the motivations for international trade, we can look at issues of policy such as: tariffs, quotas, subsidies, non-tariff barriers, etc.

International Finance – Here we look at trade in financial assets, including foreign currencies. We examine the determinants of supply and demand. We also look at the historic behavior of exchange rates and build explanations of that behavior. We will spend a great deal of time looking at international macroeconomic policy implications. This will include the conduct of monetary and fiscal policy and the choice of an exchange rate system, for example.

**Required Text:**

Yarborough & Yarborough. *The World Economy: Trade and Finance*, 6<sup>th</sup> ed., 2002. ISBN 0-324-18329-1

Grading will be on a curve with the following weights:

Homework	10%
Midterm	40%
Final	50%

**Homework:**

Approximately two homework assignment per week will be due, though the schedule may vary from week to week. Your two lowest scores will be discarded. Homework is due at the beginning of class. If your homework is turned in late, it will be returned with comments, but will be recorded as a zero. Homework submitted during class, but after homework collection at the beginning is considered late.

**Midterm Exam:**

A midterm exam will be given in the Testing Center during regular hours. It will be on **????**. It will cover chapters 1-7. The midterm is closed book & closed notes. It will consist of multiple choice, short answer & longer analysis questions.

**Final Exam:**

The final will be given **Monday, April 24<sup>th</sup> from 2:30 – 5:30 p.m.** The final will be comprehensive but will emphasize the latter part of the course. It will also be closed book & closed notes and structured similarly to the midterm. *No early or late exams will be given under any circumstances.* Make your end-of-semester travel, marriage & job interview plans accordingly.

Schedule of Topics

<b>Date</b>	<b>Topic</b>	<b>Readings</b>	<b>Due</b>
1/9 M	Ricardian Model	chapter 2	
1/11 W	Ricardian Model		HW1
1/16 M	<b>holiday, no class</b>		
1/18 W	Neoclassical Model	chapter 3	HW 2
1/23 M	Neoclassical Model		
1/25 W	Trade, Distribution & Welfare	chapter 4	HW 3
1/30 M	Trade, Distribution & Welfare		
2/1 W	Empirical Evidence	chapter 5	HW 4
2/6 M	New Trade Theories		
2/8 W	Tariffs	chapter 6	
2/13 M	Tariffs		
2/15 W	Other Trade Restrictions	chapter 7	HW 5
2/20 M	<b>holiday, no class</b>		
2/21 T	Other Trade Restrictions		
2/22 W	Theory of Trade Policy	chapter 8	HW 6
2/27 M	Theory of Trade Policy		
3/1 W	Trade Policy in Practice	chapter 9	HW 7
3/6 M	Trade Policy in Practice		
3/8 W	NIPA & BOPS	chapter 13	HW 8
3/13 M	NIPA & BOPS		
3/15 W	Foreign Exchange Markets	chapter 12	HW 9
3/20 M	Foreign Exchange Markets		
3/22 W	International Money & Banking	chapter 15	HW 10
3/27 M	International Money & Banking		
3/29 W	Exchange Rates in the Long-Run	chapter 18	
4/3 M	Exchange Rates in the Long-Run		
4/5 W	Fixed Exchange Rates	chapter 16	HW 11
4/10 M	Flexible Exchange Rates	chapter 17	
4/12 W	History of International Finance	chapter 20	HW 12
4/24 Mon	<b>Final Exam in B037 JFSB at 2:30 p.m.</b>		