

PA 5022/ PA 5850 - Global Economics

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Fall Semester 2015
Blegen 135
M, W 4:40-5:55

I. The Purpose and Objectives of the Course:

This course provides an introduction to global economic relations and the economic theory that explains much of them. We will study the underlying determinants of trade in goods, services and capital among countries along with the policies that states often use to influence such trade. We will also explore the theory and practice of international macroeconomics and policy problems of global financial openness.

II. Grading and Exams

You will be part of a team that will present oral answers to posted questions. Detail on this activity will be explained on the class Moodle site. You will also have the opportunity for individual classroom contributions. The combination of these two factors will count for 20 percent of your grade.

Class attendance is expected. You are responsible for any material presented there that is not in the textbook. Because the subject matter is difficult and there is a broad set of topics, reading for the material to be covered in class should be done ahead of time.

There will be two quizzes during the course; each will count for 20 percent of your grade. The dates for the quizzes are listed on the class schedule. There will be no make-up of quizzes. The final exam for the course will be on Monday, December 21, from 4:40 to 6:40 pm in Blegen 135. This two hour exam will count for 40 percent of your grade. The final exam will be cumulative with somewhat more emphasis on material taught after the second quiz.

Additional Information

Students may ask for reasonable and timely accommodations for religious observances. Please review the syllabus closely to determine if your religion will present scheduling conflicts with any of the assignments.

In compliance with the University of Minnesota policy, appropriate academic accommodations for students with documented disabilities will be provided.

Plagiarism and cheating are absolutely unacceptable and will be pursued to the fullest extent of the University's policies. Violations will result in a failing grade for the class.

II. Required Text:

Paul Krugman, Maurice Obstfeld, and Marc Melitz, *International Economics: Theory and Policy*, Tenth Edition, Pearson, 2015.

Additional short readings may be assigned during the semester and will be posted on the course Moodle site.

PowerPoint decks for the lectures can be downloaded from the Moodle site.

III. Valuable websites

Internet Resources for Economists:

<http://www.oswego.edu/~economic/econweb.htm>

The Economist

<http://www.economist.com/>

Marginal Revolution

<http://marginalrevolution.com/>

The Bradford DeLong blog

<http://www.j-bradford-delong.net/>

The Gregory Mankiw blog
<http://gregmankiw.blogspot.com/>

V. Course Outline and Required Reading (other readings may be assigned during the semester)

The following dates are subject to change, although quiz dates will not be changed without class agreement.

Please note that none of the assigned reading includes chapter appendices.

A. The Basic Economics of Global, Trade, Investment, and Migration

1. Introduction (September 9)
Krugman, Obstfeld, and Melitz (KOM), Chapter 1,2
2. Labor Productivity and Comparative Advantage (September 14)
KOM, Chapter 3
3. Resources, Comparative Advantage and Income Distribution (September 16, 21, 23)
KOM, Chapters 4,5
4. The Standard Trade Model (September 28)
KOM, Chapter 6
5. Economies of Scale, Imperfect Competition, and International Trade (September 30)
KOM, Chapter 7
6. Firms as Traders and Direct Investors (October 5)
KOM, Chapter 8

B. Selected Trade and Factor Mobility Policy Issues

(October 7, 12, 14, 21, 26)
KOM Chapters 9, 10, 11, 12 (specific page numbers may be given)

QUIZ 1 October 19

C. Economics of Global Money and Finance

1. National Income Accounting and the Balance of Payments (October 28)
KOM, Chapter 13
2. Foreign Exchange Markets (November 2)
KOM, Chapter 14
3. Money, Interest Rates and Exchange Rates (November 4, 9)
KOM, Chapter 15
4. Output and the Exchange Rate in the Short Run (November 11, 16)
KOM, Chapter 17
5. Fixed Exchange Rates and Foreign Exchange Intervention (November 18, 25, 30)
KOM, Chapter 18 (only up through page 515).

QUIZ 2 November 23

D. Selected Policy Issues in Global Macroeconomics

(December 2, 7, 9, 14, 16)

KOM, 19, 20, 21, 22 (specific page numbers will be given during the semester)

The Final Examination will take place on Monday, December 21st from 4:40 to 6:40 p.m. in Blegen 135.