

ECO 41 International Economics

Fall 2021

Tuesdays and Thursdays, 9:30 – 10:50, Kahn 122

Instructor: [Udayan Roy](#)
Email: udayan.roy@liu.edu
Office Hours: 12:30 pm — 2:00 pm on Tuesdays and Thursdays
Office: Library 302-33
Office (online): Zoom Meeting ID: 460 973 4923; Join URL: <https://liu.zoom.us/j/4609734923>.
Phone: 516 299 2405
Web Page: <http://myweb.liu.edu/~uroy/>
Organization: Traditional lectures-based course, with online homework and in-class tests.
Course Credits: 3 hours.

Course's Description (from page 244 of the [Undergraduate Bulletin 2020—2021](#)):

This course examines the economic aspects of globalization. Attention is paid to international trade in goods and services, international flows of capital (through international lending and borrowing), and migration. Topics include trade theory, tariffs and other protectionist policies, trade agreements between nations, the World Trade Organization, balance of payments, exchange rates, and the European Monetary Union.

The course falls neatly into two parts: International Trade and International Finance. (If you are familiar with the terms “microeconomics” and “macroeconomics”—lookup any introductory economics textbook if you aren’t—you may, for now, think of International Trade and International Finance as, respectively, the microeconomic and macroeconomic parts of this course.) I will discuss International Trade up until the Midterm, after which, I will switch to International Finance. The Midterm will be on International Trade and the Final will be on International Finance.

Course's Outcomes, Learning Goals and Objectives: It is my hope that upon the successful completion of this course, students will be able to

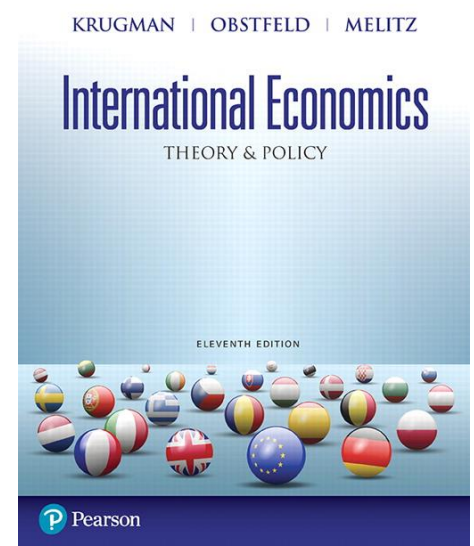
- think carefully about the causes and effects of cross-border trade in goods and services. Specifically, students will be able to use the theory of supply and demand and the Ricardian and

Heckscher-Ohlin theories to analyze the causes of cross-border trade, and the effects of this trade on our incomes and on the prices of the things we buy.

- assess critically the government policies that affect cross-border trade in goods and services. Specifically, students will be able to use the theory of supply and demand and the Ricardian and Heckscher-Ohlin theories as well as the tools of basic welfare economics (such as consumer surplus and producer surplus) to critically assess the effects of government interventions such as import tariffs and export subsidies.
- think analytically about the causes and effects of cross-border migration of labor. Specifically, students will be able to use the theory of the supply and demand for labor to analyze the causes of cross-border migration and its effects on incomes.
- assess critically the government policies that affect the degree of cross-border migration of labor. Specifically, students will be able to use the theory of the supply and demand for labor as well as the tools of basic welfare economics to critically assess the effects of government policies that affect the cross-border migration.
- think analytically about the causes and effects of cross-border lending and borrowing. Specifically, students will be able to use mainstream macroeconomic theory to analyze the causes of cross-border lending and borrowing and its effects on important macroeconomic variables such as the gross domestic product, the rate of inflation, interest rates, the exchange value of the domestic currency, and the current account deficit.
- assess critically the effects of cross-border lending and borrowing on a government's ability to stabilize the domestic economy. Specifically, students will be able to use mainstream macroeconomic theory to critically assess the effects of cross-border lending and borrowing on the effectiveness of fiscal and monetary stabilization policies.
- understand the meaning of the main macroeconomic measures of a country's economic transactions with the rest of the world. Specifically, students will be able to define basic balance of payments variables such as the balance on the current account, the balance on the financial account, the balance on the official reserve transactions account, and the international investment position. Students will be able to explain the usefulness and limitations of these measures. Students will be able to explain and apply the fundamental balance of payments identity.

Prerequisites: None. Although there are no formal prerequisites for this course, basic algebra skills are assumed. An ability to use graphs to show how variables are related and an understanding of basic economics would be helpful.

Course's Required Textbook: *International Economics: Theory and Policy*, Eleventh Edition, by Paul Krugman, Maurice Obstfeld, and Marc Melitz, Prentice Hall, Upper Saddle River, New Jersey, 2018, ISBN-10: 0134519574 and ISBN-13 9780134519579. (Note: The tenth, ninth, and eighth editions of this book would be perfectly good substitutes.) *If the publisher permits, I will keep a copy of the textbook book on reserve for you at the library's circulation desk throughout the semester.*



For International Trade, I will pick and choose from chapters 2–12 of the course textbook. For International Finance, I will pick and choose from chapters 13–22. See the list of chapters here: <https://www.pearson.com/us/higher-education/program/Krugman-International-Economics-Theory-and-Policy-RENTAL-EDITION-11th-Edition/PGM1838559.html#contents-primarytab>. See the Course Calendar later in this syllabus for further details about my plans.

Lecture Notes: Of all the international economics textbooks I have seen, the course textbook is the most suitable for this course. But in some ways it is not the perfect or ideal textbook. So, I will rely heavily on my own lecture notes. PowerPoint slides of my lecture notes will be available on the course’s web page on the Blackboard online course management system: <https://blackboard.liu.edu/>.

Other Required Materials: Dependable Internet access is a must. Students must be able to use LIU Post’s Blackboard online course management system to complete online homework assignments. Students should also be familiar with Zoom.

Course Assessments: Your grade will be based on your performance in the *Midterm*, the *Final*, and some *homework* assignments. In preparing the course grade I will use the following weights: 20% for the homework assignments, 40% for the Midterm, and 40% for the Final. (Your attendance record will also affect your grade, as explained later.)

Grading Policy: Using the weights mentioned above, I will calculate each student’s overall percentage score. The overall percentage scores will then be scaled to yield each student’s letter grade. (Your attendance record will also affect your grade, as described next.)

Attendance Policy: The *best possible grade* (BPG) that you could get will depend on the number of your absences; see the accompanying table for details. You will be marked absent if you miss ten minutes or more of a lecture or if you are not attentive in class. You must not sign the attendance sheet if you miss more than ten minutes of the lecture. Personal or family emergencies, jury duty, job interviews, doctors’ appointments, exams in other courses, etc. may require you to be absent. However, any absence will be counted as an absence. Signing another person’s name on the attendance sheet amounts to forgery and will not be tolerated.

No make-up tests will be given for the Midterm or the Final unless there is a valid doctor’s note indicating compelling medical reasons or an LIU Post coach’s note for a need to play in a game. The demise of family members—a frequent occurrence during exams—may require you to miss an exam, but I will be unable to arrange a make-up test. Same goes for flat tires, car crashes, traffic jams, etc. In case you cannot take a test at the scheduled time because of a personal medical emergency, you (or someone representing you) must inform me of the reason(s) not later than twenty-four hours after the test. Ideally, I should be told *before* the test. The reason(s) you give for missing a test will affect my decision on whether or not you should get a make-up test but it will not affect your BPG. *Homework assignments completed late will not count. Please do not expect me to reset homework deadlines.*

Absences	BPG
6, 7	B+
8, 9	B
10, 11	B-
12, 13	C+
14+	D

Remote Students: LIU Post has given a special *remote student* status to some students. This designation is shown to faculty on the list of students in Blackboard’s Grade Center. I will live-stream my lectures using Zoom for remote students. If you are a remote student, please click on the “Zoom Meetings” link

on this course's Blackboard page for links to the Zoom sessions. Zoom recordings of the classes will also be available on Blackboard. If a remote student is unable to be in class for the midterm, the final, and the six fifteen-minute quizzes – that's eight campus visits in all – they will need to use the Respondus Lockdown Browser to take these tests. Please see <https://it.liu.edu/respondus/> for further details.

General Classroom Decorum: Students must make sure that their actions have *no adverse effects* on the ability of other students to learn and do their work. Students must behave *honorably* when doing their coursework and report dishonorable behavior to the instructor when they see such behavior. When in the classroom, students must not engage in any activity that is not directly part of the course. In particular, students must not use computers, phones, or other entertainment devices in the classroom. Students who feel sleepy should leave the classroom and sleep elsewhere.

Course Calendar: The following is a *tentative* schedule for the course. I will do my best to stick to it. Nevertheless, I expect to stray from this schedule on a regular basis.

Lecture	Date	Day	ECO 41	Comments
1	9/9/2021	Thu	Introduction	Registration and program changes: Sep. 8 - 21
2	9/14/2021	Tue	Consumer and Producer Surplus	
3	9/16/2021	Thu	Gains from free trade	
4	9/21/2021	Tue	Tariffs -- Small Country	
5	9/23/2021	Thu	Tariffs: Two Country Model	
6	9/28/2021	Tue	Tariffs: Two Country Model	
7	9/30/2021	Thu	Ricardian theory	
8	10/5/2021	Tue	Ricardian theory	
9	10/7/2021	Thu	Ricardian theory	
10	10/12/2021	Tue	Heckscher-Ohlin theory	
11	10/14/2021	Thu	Heckscher-Ohlin theory	
12	10/19/2021	Tue	Immigration	
13	10/21/2021	Thu	Ch. 10 Political Economy of Trade Policy	
14	10/26/2021	Tue	Ch. 10 Political Economy of Trade Policy	
15	10/28/2021	Thu	Midterm	
16	11/2/2021	Tue	Ch. 14 Uncovered Interest Parity	
17	11/4/2021	Thu	Ch. 15 Money Market Equilibrium	
18	11/9/2021	Tue	Ch. 16 The long run (flexible exchange rates)	
19	11/11/2021	Thu	Ch. 16	Last day for withdrawal/Opt Pass/Fail for full-semester classes: Nov. 12
20	11/16/2021	Tue	Ch. 16	
21	11/18/2021	Thu	Ch. 17 The short run (flexible exchange rates)	
22	11/23/2021	Tue	Ch. 17	Thanksgiving: Nov. 24 - 28
23	11/30/2021	Tue	Ch. 18 Fixed exchange rates	
24	12/2/2021	Thu	Ch. 18	
25	12/7/2021	Tue	Ch. 21 The Euro	
26	12/9/2021	Thu	Ch. 21	Last lecture

	12/14/2021	Tue	Review	Makeup for any cancelled classes
	12/16/2021	Thu		Final, potential date
	12/21/2021	Tue		Final, potential date
	12/23/2021	Thu		Makeup for any cancelled final exams

Midterm: The Midterm will be held in late October or early November. It will consist of multiple-choice and fill-in-the-blanks questions on the material—on international trade—taught prior to the day of the test.

Final: The *Final* will be held during Finals Week (on either Thursday, December 16 or Tuesday, December 21). The Final will consist of multiple-choice and fill-in-the-blanks questions on international macroeconomics, which will be the material taught after the midterm.

Blackboard Homework Assignments: The *homework* assignments will consist of computer-graded online quizzes within the Blackboard course management system. You will have to log on at <http://blackboard.liu.edu> and then go to the Blackboard page for this course to find and complete the online homework assignments. Use the *firstname.lastname* format as your username. The Blackboard password is the same as your My.LIU password; see <https://my.liu.edu/> for further details.

If you do not have a My.LIU password, please go to <http://csi.liu.edu/myLIU/> for further instructions. If you are still unable to log on to Blackboard, please contact the *Center for Student Information*. You could email them at StudentCenter@LIU.edu or call them at 516 299 3967 or go to their offices in Hillwood Commons. In general, for all technology-related issues, please take a look at the Center for Student Information web site <http://csi.liu.edu>. Specifically, please see <http://csi.liu.edu/blackboard/students.aspx> for tutorials on the use of Blackboard.

Technical difficulties can often interfere with the submission of homework on Blackboard. At least for this reason, students should submit their homework well ahead of the deadline. If a student notifies me of a Blackboard failure well ahead of the deadline, I may be able to intervene and help, but not otherwise. Please report all technical difficulties to it@liu.edu or to 516 299 3300. Please also see the IT department's website at <https://it.liu.edu/>.

Contact Information: My *office* is in Library 302-33. My office *phone number* is (516) 299 2405. My *e-mail address* is udayan.roy@liu.edu. My *own Web site* is at <http://myweb.liu.edu/~uroy/>. My *mailing address* is: Udayan Roy, Library 302-33, LIU Post, Brookville, NY 11548.

Office Hours: My *office hours* are 12:30 pm — 2:00 pm on Tuesdays and Thursdays. For any *other hours*, a prior appointment will be necessary. Please stop by whenever you need any help with your coursework. An even better option is to alert me to be on Zoom at a specific date and time and click on <https://liu.zoom.us/j/4609734923> at that date and time.

Web Sites: Apart from this course's Blackboard page, the course has another Web page at <http://myweb.liu.edu/~uroy/eco41/>. This web page contains a wealth of material including my PowerPoint lecture notes.

Information that LIU Post Requires in Syllabuses

Campus Policies: The academic policies of Long Island University are described in the individual campus bulletins under “Academic Policy” in the table of contents. Electronic bulletins may be found at the Campus Life tab on each campus’ website (scroll down to “Enrollment Services” and select “Academic Bulletins” from the menu at the right. More detailed descriptions of University policies are located on the following websites:

- [Academic Policies for Undergraduates](#)
- [Academic Conduct Policies and Standards](#)

Disability Support Services: In compliance with Section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1990, including changes made by the ADA Amendments Act of 2008, LIU Post will make accommodations for students with disabilities. It is necessary for those students to provide me with the appropriate DSS Accommodations Form by the end of the second week of classes. Please contact the office of Disability Support Services in the Center for Learning at 516-299-3057 to take appropriate steps to develop an appropriate educational plan.

If you are a student with a documented disability, medical condition, or think you may have a disability, and will need accommodations, academic adjustments, auxiliary aids, or other services, please contact the Office of Disability Support Services by calling 516-299-3057 or emailing Post-LearningSupport@liu.edu to request services, accommodations or for additional information. Additional information is also available on the DSS website: www.liu.edu/post/dss.

Center for Healthy Living: The Center for Healthy Living offers supportive psychological and nutritional services Monday – Friday, 9 a.m. to 5 p.m. and is located in Post Hall, Lower Level – South Entrance (parking lot side of building.) Additional information is available by emailing Post-HealthyLiving@liu.edu or calling (516) 299-3468.

Free Tutoring: LIU Post offers *free tutoring in subject areas and in writing*. For information about how to register for tutoring, contact:

The Center for Learning

- Email: Post-LearningSupport@liu.edu
- Phone: 516-299-3057

The Writing Center

- Email: Post-WC@liu.edu
- Phone: 516-299-2732

Writing Center: The Writing Center provides free writing assistance to all students. Writing assistants can work with you at any point in your writing process from helping to clarify an assignment or prompt, through brainstorming, organizing and developing your ideas, citing your sources, and polishing your writing.

To access information about our location and hours of operation, as well links to writing resources, click on the *Community* tab in Blackboard and then click on *Post Writing Center* or visit our blog: <https://postwc.wordpress.com/>. Follow us on Instagram for information and updates: @postwc

If you have any questions, please email us at Post-WC@liu.edu or contact the director, Mary Pigliacelli (Mary.Pigliacelli@liu.edu), 516-299-2732.

Have a great semester! Stay safe. Stay well. Help others as much as you can (without putting yourself in danger).

September 8, 2021