

**UNIVERSITY OF PENNSYLVANIA  
SCHOOL OF ARTS AND SCIENCES  
DEPARTMENT OF ECONOMICS**

**Econ 050 – International Economics  
Fall 2014**

**Cecília Fielér**

Office: McNeil 434, Tel: 8-1511

E-mail: [afielér@econ.upenn.edu](mailto:afielér@econ.upenn.edu)

Webpage: <http://www.sas.upenn.edu/~afielér/>

Office hours: Tuesday 2:30-3:30pm or by appointment

**TA: Junwen (Caroline) Liu**

Office: McNeil 363

E-mail: [junwenl@sas.upenn.edu](mailto:junwenl@sas.upenn.edu)

Office hours: Wednesday 5:00-6:00pm or by appointment

**Course hours:** Tuesdays and Thursdays, 10:30-12:00noon in McNeil 410

---

**Objectives and Prerequisites**

This course is an introduction to the theory of international trade and international macroeconomics. The theoretical background is used as a basis for discussion of policy issues. Patterns of international trade and production; gains from trade; tariffs, and other impediments to trade; foreign exchange markets, balance of payments, capital flows, financial crises, coordination of monetary and fiscal policy in a global economy.

Note: Economics 50 is a one-semester course in International Economics. Students wishing to study the subject in greater depth should take instead the two-semester sequence Economics 251-252. A student who receives credit for Economics 50 will receive no credit for either Economics 251 or 252.

Prerequisites: Economics 1 and 2 or Economics 10.

**Textbooks**

**Required:** Krugman, P., M. Obstfeld and M. Melitz (KMO), *International Economics* (10<sup>th</sup> ed.). Pearson 2014

**Optional:** Feenstra, R. and Taylor, A. (FT), *International Economics* (2<sup>nd</sup> ed.). Worth Publishers, 2011

## Recommended readings

**Irwin, D.**, *Free Trade under Fire* (3<sup>rd</sup> ed.) Princeton University Press, 2009

**Reinhart, C., K. Rogoff**, *This Time is Different: Eight Centuries of Financial Folly*, Princeton University Press, 2009

## Grading

The final grade for the course will be based on homework assignments, two midterms and one final exam. The worst homework assignment grade will be dropped. The final exam is cumulative.

Homework assignments	15%
Midterm I, September 23	25%
Midterm II, November 6	25%
Final Exam, December 18	35%

Courses taught in the Department of Economics are covered by a common set of course management policies. Registering for this course means that you will follow these policies. See, Departmental Policies for Undergraduate Economics Courses

<https://economics.sas.upenn.edu/undergraduate-program/course-information/guidelines/policies>

The Department's guideline for the distribution of grades will also be followed:

00-30% grades: A or A-

40-50% grades: B+, B, or B-

20-30% grades: C+ or below

## Outline of the course (subject to change)

### **Part I: International trade**

Introduction to trade  
 Ricardian model  
 Heckscher-Ohlin model  
 The standard trade model  
 External economies of scale  
 Internal economies of scale I:  
 monopolistic competition  
 Internal economies of scale II: firms  
 Instruments of trade policy  
 Controversies of trade policy

### **II Intern. macroeconomics**

Introduction to international  
 macroeconomics  
 Income accounting  
 Exchange rates  
 Money and foreign exchange markets  
 Exchange rates in the long run  
 Exchange rates in the short run  
 Fixed exchange rates  
 History of international monetary systems  
 Developing countries: Growth, crisis and  
 reform