Fall 2013

Economic Aspects of International Relations

Yui Suzuki

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DIPL 4555: Economic Aspects of International Relations
School of Diplomacy & International Relations Seton Hall University
Fall 2013 Syllabus (Course Information and Reading Assignments)

Administrative Information
Schedule: Tuesday/Thursday 11:00 am - 12:15 pm at Duffy Hall 80 (DIPL4555A)
Tuesday/Thursday 12:30 pm - 1:45 pm at Duffy Hall 80 (DIPL4555B)
Instructor: Yui Suzuki
Office: McQuaid Hall 101C
Office Hour: Tuesday/Thursday 10am–11am & 2pm–3pm or by appointment
E-mail Address: Yui.Suzuki@shu.edu
Grading: Attendance/Participation 10%; Midterm Exam 30%; Final Exam 60%

Course Description (Summary and Objectives):
This course provides an overview of international trade economics. The first half of this course covers basic trade theories which explain why and how nations trade. The second half deals with welfare analysis of international trade and trade regulation which have implications for existing trade policies. After taking this course, you will be familiar with fundamental concepts and debates surrounding economic aspects of international relations. More specific topics are presented in the tentative class schedule below.

Besides providing a good knowledge of the subjects, I set a goal of building numeracy and critical thinking proficiencies in my teaching. The goal of academic education is to fully develop the students in terms of both knowledge and practical ability, and numeracy and critical thinking are indispensable in the context of the latter. For this end, I play up scholarly bases and rigorousness of discussion for academic courses. In economics, theories are presented by mathematical frameworks called theoretical models. Only with the language of mathematics, we can formulate relationships in a theory, elucidate assumptions and implications about complex subjects, and understand the mechanisms that the implications are derived with clarity, generality, rigor, and simplicity. Informal presentation only in words does not express them adequately and effectively. Therefore, I follow this norm in my teaching.

Specifically, I spend time in presenting careful and detailed introductions of the technical bases of important models. Then, I demonstrate how these models work and show how we can derive implications using various instruments including figure, table, graph, and algebra. This process affords competence in numerical calculation and graphical interpretation as well as the ability to evaluate quantitative information accurately. Furthermore, understanding or, at least, touching upon the rigor of the concepts and models helps students acquire the skill of critical thinking. To think critically is to think clearly and rationally about the subject matter under consideration. It starts by identifying assumptions and deriving conclusions, and then we analyze and evaluate their adequacy and appropriateness. I believe this process increases your analytical skills and paves the way for intellectual interaction in the real world.

Course Prerequisites:
Although I do not designate specific courses as prerequisites, this course requires good understanding of basic theories of micro and macro economics. Therefore, it generally makes sense to take this course after you finish ECON 1402 and 1403 (Principles of Economics I and II). Moreover, I expect students to be tolerant of various mathematical instruments including figure, table, graph, and algebra. Knowing that you are diplomacy major, I do not think I am aiming too high: the materials are all standard suitable for (undergraduate) students who finished principle of economics courses all over the world. I am of course happy to provide any suggestion and follow-up throughout the semester, when necessary, however, they will help you open eyes only if you have open minds.
Course Reading:

One textbook is required for this course:

Students may use earlier editions of the textbook (though be aware that chapter numbering may have changed across editions). This is a nice book providing both theory and its application to policy analysis.

Students are required to keep up in the readings. The reading can be done before or after the class for which they are assigned. I also provide all the lecture notes (PowerPoint slides and handouts) throughout the course for your convenience. This is to encourage you to prepare for the classes and actively participate in the class discussions—not just reproducing the blackboard. Remember that PowerPoint slides, handouts, and lectures are not the substitute for the textbook reading.

Course Requirements:

**Midterm and Final Exam**: Exams are in-class on October 17 (midterm exam) and December 5 (final exam). It is your responsibility to take these exams on these dates and there is no make-up for the exams. Both are closed-book exams, but you may bring in a piece of letter size paper (I do not want you to spend time for rote memorization). Midterm exam covers first half of the course (topic 1) to (6)) and final exam covers entire course. If there is a dispute over the grade you receive on exams, I will be happy to reconsider your grade but I reserve the right to re-grade the entire exam.

**Class Participation**: Your attendance to all classes is mandatory. I take attendance and it determines 10% of course grade. Indeed, I believe that attending class means more than 10%. If you fail to attend class regularly, you will need to pay really high cost to catch up before the exams. As a safety net for possible unavoidable absences, I will ignore first four absences in a semester (roughly once a month). Instead, I will not consider excuses for individual absences (so you do not need to e-mail me when you miss a class). I believe that you are mature enough to plan ahead and manage your schedule by yourself. This rule does not apply to unforeseeable and unavoidable long absences from the university lasting more than weeks with legitimate reason (e.g. long hospitalization). I will consider such excuse if I receive appropriate documentation.

**Code of Conduct**: The usual rules of polite behavior apply—activities which disturb other students and instructor are not acceptable. This includes late arrival, early departure, and conversation during class. The use of computer and other electronic devices (e.g. ipod, ipad, cell phone...) is prohibited in this class. It is rude and disruptive to be checking your e-mail, surfing the web, or instant messaging when you are supposed to be participating in the class activities. You must turn off or mute these devices before the class starts. I reserve a right to regard those who fail to follow these rules as absences.

**Problem Set**: I provide problem sets. This is to support your studying and enhance your understanding of the course materials. I strongly encourage you to try these problem sets. If you submit your answer sheets, I am happy to grade them and discuss when needed. If you need more questions, visit publisher’s website (myeconlab) where you can purchase access right to on-line learning materials (http://www.myeconlab.com/krugman).

**E-mail and Office Hours**: In general, I check my email regularly and try my best to reply within 24 hours. However, I may urge you to come to office hours when I find it more make sense to reply in person. Office hours are not simply “pro forma”; personally, I get a lot more satisfaction out of teaching when I have a chance to talk to students. For you, office hours can be very useful to hash out specific questions; to clarify concepts that remain a bit hazy; and to discuss ideas for extending the material in class to what is going on in the world. If the scheduled times do not work, email me and I’ll be happy to set
new ones.

Course Grade:
I will reflect both absolute and relative evaluations in determining course grades. If necessary, I transform raw scores to standardized scores for grading purpose using class averages and standard deviations (so it is relative evaluation). It is a statistical treatment, and so there is no discretion at individual level in this process. I usually set the average at 80 in undergraduate courses, however, it can be higher when entire class does well (so it is absolute evaluation).

\[
\text{your standardized score} = \frac{10(\text{your raw score} - \text{class average})}{\text{class standard deviation}} + 80 \text{ (or higher)}
\]

The course grade is assigned based on the weighted average of the (standardized) scores of the exams and class participation. Note that no opportunity to make up low score(s) in exams and/or attendance (e.g. report assignment; retest) will be provided. The cutoffs are as below. I reserve the right to lower the cutoffs but not to raise them.

Grading Scale:

<table>
<thead>
<tr>
<th>Grade</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>A</td>
<td>92%-100%</td>
</tr>
<tr>
<td>A−</td>
<td>90%-91%</td>
</tr>
<tr>
<td>B+</td>
<td>88%-89%</td>
</tr>
<tr>
<td>B</td>
<td>82%-87%</td>
</tr>
<tr>
<td>B−</td>
<td>80%-81%</td>
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<tr>
<td>C+</td>
<td>78%-79%</td>
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<tr>
<td>C</td>
<td>72%-77%</td>
</tr>
<tr>
<td>C−</td>
<td>70%-71%</td>
</tr>
<tr>
<td>D+</td>
<td>68%-69%</td>
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<tr>
<td>D</td>
<td>60%-67%</td>
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<tr>
<td>F</td>
<td>59%-</td>
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If you believe you need an accommodation for a disability, please let me know at your earliest convenience. As soon as you make me aware of your needs, we can work with the Office of Disability support service to determine appropriate accommodations. I will treat any information you provide as private and confidential.

Student Learning Outcomes:
By the end of the semester, students should have acquired in-depth knowledge of basic applied economics and understanding of key concepts, models, theories, and debates involved in the study of sustainable development as well as interaction between politics and economics in the international system. Students should also have developed the skills to: collect, sort, and evaluate information; analyze complex situations and synthesize information.
<table>
<thead>
<tr>
<th>Date</th>
<th>Topic</th>
<th>textbook</th>
</tr>
</thead>
</table>
| 1 08/27/2013    | (1) Introduction
                      (2) World Trade: An Overview and Gravity Model | Ch.1, Ch.2 |
| 2 08/29/2013    | (3) Why Nations Trade?—International Trade Theory I
                      Comparative Advantage and Ricardian Model | Ch.3     |
| 3 09/03/2013    | (3) Why Nations Trade?—International Trade Theory I
                      Comparative Advantage and Ricardian Model | Ch.3     |
| 4 09/05/2013    | (3) Why Nations Trade?—International Trade Theory I
                      Comparative Advantage and Ricardian Model | Ch.3     |
| 5 09/10/2013    | (4) Why Nations Trade?—International Trade Theory II
                      Heckscher-Ohlin Model (Two-Factor Model) | Ch.4     |
| 6 09/12/2013    | (4) Why Nations Trade?—International Trade Theory II
                      Heckscher-Ohlin Model (Two-Factor Model) | Ch.4     |
| 7 09/17/2013    | (4) Why Nations Trade?—International Trade Theory II
                      Heckscher-Ohlin Model (Two-Factor Model) | Ch.4     |
| 8 09/19/2013    | (4) Why Nations Trade?—International Trade Theory II
                      Heckscher-Ohlin Model (Two-Factor Model) | Ch.4     |
| 9 09/24/2013    | (5) Standard Trade Model
                      Welfare and Terms of Trade | Ch.5     |
| 10 09/26/2013   | (5) Standard Trade Model
                      Welfare and Terms of Trade | Ch.5     |
| 11 10/01/2013   | (6) Why Nations Trade?—International Trade Theory III
                      Economies of Scale and Imperfect Competition | Ch.6     |
| 12 10/03/2013   | (6) Why Nations Trade?—International Trade Theory III
                      Economies of Scale and Imperfect Competition | Ch.6     |
| 13 10/08/2013   | (6) Why Nations Trade?—International Trade Theory III
                      Economies of Scale and Imperfect Competition | Ch.6     |
| 14 10/10/2013   | Review (If we have finished all the topics above) |          |
| 15 10/15/2013   | No Class – Fall Break |          |
| 16 10/17/2013   | Midterm Exam (in class) |          |
| 17 10/22/2013   | (7) International Factor Movements
                      How Do Migration and FDI Affect Economies? | Ch.7     |
| 18 10/24/2013   | (7) International Factor Movements
                      How Do Migration and FDI Affect Economies? | Ch.7     |
| 19 10/29/2013   | (8) How Nations Restrict Trade?—Instruments of Trade Policy | Ch.8     |
| 20 10/31/2013   | (8) How Nations Restrict Trade?—Instruments of Trade Policy | Ch.8     |
| 21 11/05/2013   | (8) How Nations Restrict Trade?—Instruments of Trade Policy | Ch.8     |
| 22 11/07/2013   | (9) Why Nations Restrict Trade?—Political Economy | Ch.9     |
| 23 11/12/2013   | (9) Why Nations Restrict Trade?—Political Economy | Ch.9     |
| 24 11/14/2013   | (9) Why Nations Restrict Trade?—Political Economy | Ch.9     |
| 25 11/19/2013   | (10) Trade Policy in Developing Countries
                      Import-Substitution and Export-Oriented Growth | Ch.10    |
| 26 11/21/2013   | (10) Trade Policy in Developing Countries
                      Import-Substitution and Export-Oriented Growth | Ch.10    |
| 27 11/26/2013   | (11) Controversies in Trade Policy | Ch.11    |
| 28 11/28/2013   | No Class – Thanksgiving Recess |          |
| 29 12/03/2013   | Review (If we have finished all the topics above) |          |
| 30 12/05/2013   | Final Exam (in class) |          |