SYLLABUS

Readings:

The textbook for this course is:


Copies of some of the other readings will be available on my web site: http://www.econ.umn.edu/~tkehoe

Office Hours:

Thursday 9:00 am - 11:00 am (There is a sign-up sheet on my door.)

Walter W. Heller Hall 1168 625-1589 (Please do not call me at home; send me e-mail at tkehoe@atlas.socsci.umn.edu.)

Assignments:

There will be three problem sets, a group project, and a final exam. All assignments must be completed in order to receive a final grade for the course.

Grading:

The mark for each problem set and for the group project will be counted once and the mark for the exam will be counted twice, providing a total of seven marks. The lowest of these marks will be dropped and the remaining marks averaged. Notice that this means that, if the lowest grade is that of the exam, its weight will be halved, but it will not be completely dropped.

Group Project:

On Tuesday, 12 September, students will form groups to work on projects. Each group will consist of two or three students. Topics for projects will be related to empirical issues in international economics, such as empirical tests of the Heckscher-Ohlin model,
or to issues of current policy relevance, such as the costs and benefits of dollarization. Each group will make a one hour presentation of its research at the end of the course.

**Late Policy:**

Any late assignment will be penalized 10 (out of 100) points for each class period it is late, up to a maximum of 40 points.

**Cooperation on Assignments:**

Students are permitted (and encouraged) to discuss the answers to problem sets together. Copying from another student's answers is not allowed.

**CLA Guidelines for Defining Scholastic Dishonesty:**

"Scholastic dishonesty is any act that violates the rights of another student with respect to academic work or that involves misrepresentation of a student's own work. Scholastic dishonesty includes (but is not limited to) cheating on assignments or examinations, plagiarizing (misrepresenting as one's own anything done by another), inventing or falsifying research or other findings with an intent to deceive, submitting the same or substantially similar papers for more than one course without consent of all instructors concerned, depriving another of necessary course materials, sabotaging another's work."

(p. 12, *CLA Classroom, Grading & Examination Procedures, 2000-2001.*)

**List of Topics:**

1. **Increasing Returns and Imperfect Competition**


2. Dynamic Trade


Obstfeld and Rogoff, Chapters 4 and 5.


3. Empirical Evidence


R. Bergoeing and T. J. Kehoe, "Trade Theory and Trade Facts."


4. Real Exchange Rates

C. M. Betts and T. J. Kehoe, "Tradability of Goods and Real Exchange Rate Fluctuations."


Obstfeld and Rogoff, Chapters 8, 9, 10.


5. Capital Flows and Crises


Obstfeld and Rogoff, Chapters 5, 6, 7.