international economics

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Preface

The twenty-first century is an age of unprecedented globalization. In looking at existing texts, we saw that the dramatic economic developments of recent years had not been incorporated into a newly written undergraduate text, and felt the time was ripe to incorporate fresh perspectives, current topics, and up-to-date approaches into the study of international economics. With this book, we have expanded the vision of international economics to encompass the latest theory and events in the world today.

In decades past, international economics was taught differently. There was a much greater emphasis on theory and a strong focus on the advanced countries. Policy analysis reflected the concerns of the time, whether strategic trade policy or the Bretton Woods system. Today, the concerns are not the same. In addition to new theoretical developments, there is a much greater emphasis on empirical studies. A wave of applied research in recent years has proved (or refuted) existing theories and taught us important new lessons about the determinants of trade, factor flows, exchange rates, and crises. Trade and capital flows have been liberalized and allowed to grow, and more attention is now devoted to emerging markets and developing countries, regions that now carry substantial weight in the global economy.

Covering new and expanding ground is part of the challenge and excitement of teaching and learning the international economics of the twenty-first century. Our goal is to provide new material that is rigorous enough to meet the challenge yet approachable enough to nurture the excitement. Many of the new topics stand apart from conventional textbook treatments and in the past have been bypassed in lectures or taught through supplementary readings. In our view they deserve a more prominent place in today's curriculum.

We have taught the chapters of this book ourselves several times, and have benefited from the feedback of professors at colleges and universities in the United States and throughout the world. Like us, they have been enthusiastic about the response from students to our fresh approach, and we hope that you will also enjoy the book.

New Features

Each chapter includes several new features that bring the material alive for the students, and include:

- **Applications,** which are integrated into the main text and use material that has been covered to illuminate real-world policies, events, and evidence;
- **Headlines,** which show how topics in the main text relate directly to media coverage of the global economy;

- **Side Bars,** which include topics that, while not essential, are still of interest;
- **Net Work** boxes, which provide an opportunity for the students to explore chapter concepts on the Internet.

In addition, the book is issued in a combined edition *(International Economics)* and in two split editions *(International Trade* and *International Macroeconomics),* allowing greater flexibility for instructors to assign their preferred text and keep costs down for students.

New Topics and Approaches

Reviewers and class testers have been enthusiastically supportive of the many new topics we have included in our presentation. New topics covered in international trade include the foreign outsourcing of goods and services (Chapter 6); tariffs and quotas under imperfect competition (Chapter 9); and international agreements on trade, labor, and the environment (Chapter 11). These topics are in addition to core chapters on the Ricardian model (Chapter 2), the specific-factors model (Chapter 3), the Heckscher-Ohlin model (Chapter 4), trade with increasing returns to scale and imperfect competition (Chapter 6), import tariffs and quotas under perfect competition (Chapter 8), and export subsidies (Chapter 10).

New chapters in international macroeconomics include the gains from financial globalization (Chapter 17), fixed versus floating regimes (Chapter 19), and exchange-rate crises and the operation of pegs (Chapter 20). These topics are in addition to core chapters on foreign exchange markets and exchange rates in the short run and the long run (Chapters 13–15), the national and international accounts (Chapter 16), the open economy IS-LM model (Chapter 18), the euro (Chapter 21), and a chapter on current important issues (Chapter 22).

In writing our chapters we have made every effort to link them analytically to other chapters. For example, while immigration and foreign direct investment are sometimes treated as an afterthought in international economics books, we integrate these topics into the discussion of the trade models by covering the movement of labor and capital between countries in Chapter 5. Specifically, we analyze the movement of labor and capital between countries in the short run using the specific-factors model, and explore the long-run implications using the Heckscher-Ohlin model. Chapter 5 therefore builds on the models that the student has learned in Chapters 3 and 4, and applies them to issues at the forefront of policy discussion.

In the macroeconomics section of the book, this analytical linking is seen in the parallel development of fixed and floating exchange rate regimes from the opening introductory tour in Chapter 12, through the workings of exchange rates in Chapters 13–15, the discussion of policy in the IS-LM model of Chapter 18, to the discussion of regime choice in Chapter 19. Many textbooks treat fixed and floating regimes separately, with fixed regimes often treated as an afterthought. But given the widespread use of fixed rates in many countries, the rising macro weight of fixed regimes, and the collapse of fixed rates during crises, we think it is more helpful for the student to grapple with the different workings and cost-benefit tradeoffs of the two regimes by studying them side by side. This approach also allows us to address numerous contemporary policy applications.

In addition to expanding our coverage to include up-to-date theory and policy applications, our other major goal is to present all the material—both new and old—in the most teachable way. To do this, we ensure all of the material presented rests on firm and up-to-the-minute empirical evidence. We believe this approach is the right way to study economics, and it is our experience, shared with many instructors, that teaching is more effective and more enlivened when students can see not just an elegant derivation in theory but, right next to it, some persuasive evidence of the economic mechanisms under investigation.

The fact that international issues are in the headlines nearly every day has made our job easier, and you will find many recent and historical applications in the book. These applications are part of the main text and apply the theory that the student has just learned. For example, in Chapter 5 we discuss the historical effects of immigration on wages in the "old world" and "new world" and in the United States in recent years. Chapter 6 looks at NAFTA's effects on Canada, Mexico, and the United States, and discusses the gravity equation. The steel tariff applied by President Bush in 2001 and the end of the Multifibre Agreement in textiles and apparel are covered in Chapter 8, and the discussion of international agreements (Chapter 11) includes a discussion of the Kyoto Accord as well as many examples of how WTO rulings potentially affect the environment.

In macroeconomics, under exchange rates, we look at the fall of the U.S. dollar and, in another application, we study wartime currency fluctuations in Iraq in Chapter 15; when studying the balance of payments we study Ireland's extraordinary deficit on factor income in Chapter 16; we also have applications that explore why capital doesn't flow to poor countries in Chapter 17, how policies in Australia and New Zealand responded successfully to the Asian Crisis in Chapter 18, and how exchange-rate crises have unfolded in countries as different as Peru and the United Kingdom in Chapter 20.

The Arrangement of Topics: International Trade

Part 1: Introduction to International Trade

The opening chapter sets the stage by discussing global flows of goods and services through international trade, of people through migration, and of capital through foreign direct investment. The chapter includes maps depicting these flows, so the student can get a feel for which countries have the greatest flows in each case. Historical examples of trade and barriers to trade are also provided. This chapter can serve as a full introductory lecture.

Part 2: Patterns of International Trade

The core models of international trade are presented here: the Ricardian model (Chapter 2), specific-factors model (Chapter 3), and Heckscher-Ohlin model (Chapter 4). Some of the topics conventionally included in the specific-factors and Heckscher-Ohlin model, like the effects of changing the endowments of labor or capital, are not covered in those chapters but are instead examined in Chapter 5, which deals with the movement of labor and capital between countries. For example, the "factor price insensitivity" result is deferred to Chapter 5, as is the Rybczynski Theorem. By discussing those two results to Chapter 5, we keep the discussion of the Heckscher-Ohlin model more manageable in Chapter 4, focusing there on the Heckscher-Ohlin theorem, the Stolper-Samuelson theorem, and empirical testing of the model. In summary, the ordering of topics among Chapters 3, 4 and 5 as well as many of the applications are new, and these chapters are linked together tightly in their pedagogical approach.

Part 3: New Explanations for International Trade

In the next section we cover two new explanations for international trade: increasing returns to scale (Chapter 6), and foreign outsourcing (Chapter 7).

Formal models of trade with increasing returns to scale and monopolistic competition have been popular since the early 1980s, but there is no standardized method for presenting this topic in undergraduate textbooks. In Chapter 6, we fall back on the original, graphical discussion from Edward Chamberlin, who introduced the *DD* and *dd* curves (what we label in Chapter 6 as simply *D* and *d*). The *D* curve represents the share of the market going to each firm, and traces out demand if all firms charge the same prices. In contrast, the *d* curve is the demand facing a firm when other firms keep their prices constant. The distinction between these two demands is crucial when analyzing the impact of trade liberalization: the *d* curve clearly shows the incentive for each individual firm to lower its price after trade liberalization, but the steeper *D* curve shows that when all firms lower prices, then losses occur and some firms must exit.

Chapter 7 is devoted to foreign outsourcing, and we have found that students readily understand this new material. The model used illustrates a piece of intuition that students enjoy: the movement of one student from, say, a physics class to an economics class can raise the average grade in *both* classes. Likewise, foreign outsourcing can raise the relative wage of skilled workers in both countries. The chapter deals with the recent critique by Paul Samuelson, who suggested that outsourcing to China or India might be harmful to the United States. That argument is shown to depend on how outsourcing affects the U.S. terms of trade: if the terms of trade fall, the United States is worse off, though it is still gaining overall from international trade. In fact, we argue that the U.S. terms of trade has been rising in recent years, not falling, so the argument by Samuelson is hypothetical so far.

Part 4: International Trade Policies

The concluding part of the book dealing with international trade is devoted to trade policy: tariffs and quotas under perfect competition (Chapter 8), under imperfect competition (Chapter 9), export subsidies (Chapter 10), and a discussion of international agreements on trade, labor, and the environment (Chapter 11). Our goal is to present this material in a more systematic fashion than found elsewhere, with both very recent and historical applications.

Chapter 8, dealing with tariffs and quotas under perfect competition, is the "bread and butter" of trade policy. We adopt the partial-equilibrium approach, using import demand and export supply curves, along with consumer and producer surplus. Our experience is that students feel very comfortable with this approach from their microeconomics training (so they can usually label the consumer surplus region, for example, in each diagram before the labels are shown). The chapter uses the tariff applied by President George W. Bush on U.S. steel imports as a motivating case, which we analyze from both a "small country" and a "large country" perspective.

Chapters 9 and 10 bring in some of the insights from the literature on the "strategic" role of trade policy, which was developed in the later 1980s and 1990s. While that literature focused on oligopoly interactions between firms, to simplify the analysis in Chapter 9 we focus on monopoly cases, either home monopoly or foreign monopoly, deferring discussion of a duopoly case to the analysis of export subsidies in Chapter 10. Most of the theory in these chapters is familiar, but the organization is new as are many of the applications, including infant industry protection in Chapter 9 and a detailed discussion of agricultural subsidies in Chapter 10.

Chapter 11 begins by drawing upon tariffs under perfect competition (from Chapter 8), and showing that large countries have a natural incentive to apply tariffs to move the terms of trade to their advantage. That creates a prisoner's dilemma situation that is overcome by rules in the WTO. The chapter then moves on to discuss international rules governing labor issues and the environment. Students are especially interested in the environmental applications.

The Arrangement of Topics: International Macroeconomics

Part 5: Introduction to International Macroeconomics

This part consists of just Chapter 12, which sets the stage by explaining the field and major items of interest, with an elementary survey of the three main parts of the book: money and exchange rates, the balance of payments, and the role of policy.

Part 6: Exchange Rates

We depart from the traditional presentation by presenting exchange rates before balance of payments, an approach that we and our students find more logical and appealing. We begin the core macro material with exchange rates because (for macroeconomics) the exchange rate is the key difference between a closed economy and a world of open economies. In addition, starting a course off with balance of payments accounting often engenders boredom, and if this material is followed by a long detour into exchange rates, the balance of payments concepts are often long forgotten by the time they are brought up in later chapters. Our approach, supported by our own experience and that of our reviewers and class testers, first treats all price topics together in one part, and then moves on to quantity topics.

Chapter 13 introduces the basics about exchange rates and the foreign exchange (forex) market (including the principles of arbitrage) and exposes students to real-world data on exchange rate behavior. It describes how the forex market is structured and explains the principles of arbitrage in forex markets. It ends with interest parity conditions, which is then repeated for better understanding in Chapter 15.

Chapter 14 presents the monetary approach to the determination of exchange rates in the long run. We cover the long run before the short run because long-run expectations are assumed to be known in the short-run model. Topics include goods market arbitrage, the Law of One Price, and purchasing power parity. We first develop a simple monetary model (the quantity theory) and then look at the standard monetary model, the Fisher effect, and real interest parity. The chapter ends with discussion of nominal anchors and their relationship to monetary and exchange rate regimes.

Chapter 15 presents the asset approach to the determination of exchange rates in the short run. Uncovered interest parity, first introduced in Chapter 13, is the centerpiece of the asset approach, and the expected future exchange rate is assumed to be given by the long-run model. Short-run interest rates are explained using a money market model. We show how all the building blocks from the monetary and asset approaches fit together for a complete theory of exchange rate determination. Finally, we explain how the complete theory works for fixed as well as floating regimes, and demonstrate the trilemma.

Part 7: The Balance of Payments

Chapter 16 introduces the key macroeconomic quantities: the national and international accounts and the balance of payments (BOP). The BOP is explained as the need for balancing trade on goods, services, and assets (with allowances for transfers). We also introduce external wealth and valuation effects, which are of increasing importance in the world economy.

Chapter 17 links the balance of payments to the key question of the costs and benefits of financial globalization, an increasingly important topic to which students should be exposed. The chapter begins by explaining the significance of the long-run budget constraint and then examines the three key potential benefits of financial globalization: consumptions smoothing, efficient investment, and risk sharing.

Chapter 18 links the balance of payments to output, exchange rates, and macroeconomic policies. This is the standard chapter on the short-run open economy Keynesian model. The approach is as simple and clear as possible. We use IS-LM and forex market diagrams, with the interest rate on a common axis. This means we are using tools (IS-LM) that many students have already seen, rather then inventing new ways to present the same model with new and challenging notation. In this chapter we also discuss fixed and floating rate regimes side by side, not in different chapters. We think it helpful throughout the book to study these regimes in parallel and at this point it also helps to set up the next chapter.

The ordering of Part 7 echoes that of Part 6: start with definitions, then cover long-run topics (the gains from financial globalization), then move to short-run topics (IS-LM). This ordering of topics allows a smooth transition from some key definitions in Chapter 16 to their application at the start of Chapter 17, a link that would be impossible if the balance of payments chapter were placed before the coverage of exchange rates.

Part 8: Applications and Policy Issues

Chapter 19 confronts one of the major policy issues in international macroeconomics, the choice of fixed versus floating exchange rates. Motivation is supplied by a case study of a country caught in two minds: Britain during the 1992 ERM crisis. The analysis begins with the two classic criteria for two regions to adopt a fixed exchange rate—high levels of integration and symmetry of economic shocks. The chapter then goes on to consider other factors that could make a fixed exchange rate desirable, especially in developing countries—a need for a credible nominal anchor and the "fear of floating" that results from significant liability dollarization. Empirical evidence is provided for all of these influences. A brief section summarizes the debate over the desirability and possibility of coordination in larger exchange rate systems. Finally, a historical survey uses the uses the tools at hand to understand the evolution of international monetary arrangements since the nineteenth century.

Chapter 20 studies exchange rate crises. Before explaining how pegs break, the chapter spends some time studying how pegs work. The focus here is on reserve management and the central bank balance sheet, when an economy faces shocks to output, interest rates, and risk premiums. The framework is a simple world without banks, but an extension to consider Lender of Last Resort actions allows for more realism. The setup can be used to discuss recent controversies over reserve accumulation in China and other emerging markets, and also suggests how pegs can fail. To conclude, two models of crises are presented: a first-generation model with ongoing monetized deficits with fixed output and flexible prices (applying the logic of the flexible-price model of Chapter 14); and a second-generation model featuring an adverse shock with fixed prices and flexible output (applying the IS-LM-FX model of Chapter 18).

Chapter 21 discusses common currencies, with particular focus on the euro. The basic Optimal Currency Area (OCA) criteria are developed as an extension of the fixed versus floating analysis of Chapter 19, and this framework allows us to consider additional economic and political reasons why countries might join a common currency area. Empirical evidence is then presented to show the differences between the U.S. and the Eurozone with respect to the OCA criteria, to explain why so many economists believe that the Eurozone currently is not an OCA. To explain the euro project therefore requires an appeal to other forces, which are considered in the remainder of the chapter: the possible endogeniety of the OCA criteria and the role of noneconomic factors. The latter takes us on a discussion of history and politics, which helps illuminate the institutional details of the Eurozone, especially the key monetary and fiscal issues.

Chapter 22 is a collection of four "mini chapters" that tackle important topics in macroeconomics. In this edition, these topics are: the failure of UIP and exchange rate puzzles in the short run (including the carry trade and limits to arbitrage); the failure of PPP and exchange rates in the long run (including transaction costs and the Balassa-Samuelson effect); the debate over global imbalances (including the savings glut hypothesis and the role of exchange rate adjustments); the problem of default (including a simple model of default as insurance and a discussion of triple crises). Each of these topics is presented in a self-contained block. They can be taught as is, or in conjunction with earlier material. The UIP material could be added on to Chapter 13 or 15. The PPP material would nicely augment Chapter 14. The global imbalances material could be presented with Chapter 16, 17 or 18. The default topic could be paired with the discussion of currency crises in Chapter 20.

Alternative Routes through the Text

Because this book is available as a combined edition and split volumes, it can be used for several types of courses, as summarized below and in the accompanying table.

A semester-length course in international trade (say, 15 weeks) would start at Chapter 1, but for a shorter, quarter-length course (say, 10 weeks), we suggest skipping Chapter 1 and going straight to the Ricardian model (Chapter 2), which has a self-contained introduction. Chapters 2, 3 (the specific-factors model), and 4 (the Heckscher-Ohlin model) form the core of trade theory. The movement of labor and capital between countries (Chapter 5) builds on these chapters theoretically, and summarizes the empirical evidence on immigration and foreign direct investment.

The new approaches to international trade covered in Chapters 6 (economies of scale and imperfect competition) and 7 (foreign outsourcing) can be taught independently of each other. (A quarter course in international trade may not have time for both these chapters.) The final four chapters in international trade deal with trade policy. Chapter 8 (tariffs and quotas under perfect competition) should be discussed in any course regardless of its length. Tariffs and quotas under imperfect competition (Chapter 9) digs more deeply into the effects of trade policy, followed by a discussion of export subsidies

Suggested Course Outlines

	International Trade		International Macro		Combined
	10 week	13–15 week	10 week	13–15 week	
Chapters 1–11 of *International Economics* (Chapters 1–11 of *International Trade*)					
1 Trade in the Global Economy		X			
2 Trade and Technology: The Ricardian Model	X	X			X
3 Gains and Losses from Trade in the Specific-Factors Model	X	X			X
4 Trade and Resources: The Heckscher-Ohlin Model	X	X			X
5 Movement of Labor and Capital between Countries	Choose two from 5, 6, 7	X			
6 Increasing Returns to Scale and Imperfect Competition		Choose one from 6, 7			
7 Foreign Outsourcing of Goods and Services					
8 Import Tariffs and Quotas under Perfect Competition	X	X			X
9 Import Tariffs and Quotas under Imperfect Competition	X	X			
10 Export Subsidies in Agriculture and High-Technology Industries	X	X			
11 International Agreements: Trade, Labor and the Environment		X			X
Chapters 12–22 of *International Economics* (Chapters 1–11 of *International Macroeconomics*)					
12 (1) The Global Macroeconomy				X	
13 (2) Introduction to Exchange Rates and the Foreign Exchange Market			X	X	X
14 (3) Exchange Rates I: The Monetary Approach in the Long Run			X	X	X
15 (4) Exchange Rates II: The Asset Approach in the Short Run			X	X	X
16 (5) National and International Accounts: Income, Wealth, and the Balance of Payments			X	X	X
17 (6) Balance of Payments I: The Gains from Financial Globalization			X	X	
18 (7) Balance of Payments II: Output, Exchange Rates, and Macroeconomic Policies in the Short Run			X	X	X
19 (8) Fixed Versus Floating: International Monetary Experience			Combine with 21 (10)	X	
20 (9) Exchange Rate Crises: How Pegs Work and How They Break			X	X	
21 (10) The Euro			Combine with 19 (8)	X	
22 (11) Topics in International Macroeconomics			1 or 2 (as time permits)	3 or 4 (as time permits)	

(Chapter 10). Some or all topics in the final chapter on international agreements can be covered as time permits.

A semester course in international macroeconomics (say, 15 weeks) would start at Chapter 12 in the combined edition (Chapter 1 in the *International Macroeconomics* split edition), but for a shorter quarter course (say, 10 weeks), one might skip Chapter 12 (Chapter 1) or assign it as a reading and go straight to the foreign exchange market presented in Chapter 13 (Chapter 2). Core material on exchange rate theory then follows, with the long run in Chapter 14 (Chapter 3) followed by the short run in Chapter 15 (Chapter 4). Next come the core definitions of the national and international accounts and the balance of payments, presented in Chapter 16 (Chapter 5). After this point choices would be required if time is short. A course with a macro emphasis would want to cover the costs and benefits of globalization in Chapter 17 (Chapter 6) and IS-LM in Chapter 18 (Chapter 7). To still allow time for crises from Chapter 20 (Chapter 9), given the similar apparatus in the two chapters, treatment of regime choice in Chapter 19 (Chapter 8) might be combined with a discussion of the euro in Chapter 21 (Chapter 10). Topics from Chapter 22 (Chapter 11) could be selected as time permits: a more finance-oriented course might focus on the first two exchange rate topics; a more macro-oriented course might focus on global imbalances and default. In a semester-length course, there should be time for almost all the topics to be covered.

We recognize that many schools also offer a *combined* course in international trade and macroeconomics, sometimes to students outside the economics major. Because of its wealth of applications, this book will serve those students very well. For international trade, we recommend that the combined course cover Chapters 2–4 as the basic trade chapters, followed by Chapter 8 on tariffs and quotas under perfect competition and then Chapter 11 on trade agreements and the environment. Those five chapters will offer the students a solid perspective on international trade and trade policy. They can be followed by Chapters 13–15 in the combined edition (Chapters 2–4 in the *International Macroeconomics* split) on exchange rates and Chapters 16 (Chapter 5) and 18 (Chapter 7) on macroeconomics for a basic grounding in international macroeconomics. This coverage will give students a grasp of the key differences between fixed and floating even without the later chapters. Other material can be added as time permits, and the topic format of Chapter 22 (Chapter 11) would allow considerable flexibility.

Supplements and Media Package

In addition to all its pedagogical innovations, our book brings to the market an innovative supplement and media package. These supplements were given the same careful thought, time, and preparation as the text. We are happy to provide a full suite of teaching materials for instructors along with a complete set of resources to aid students in reviewing the key concepts presented in the text.

Instructor Supplements

Instructor's Manual with Solutions Manual

The Instructor's Manuals for each portion of the book, prepared by UC Davis graduates Alyson Ma (University of San Diego) and Kristin Van Gaasbeck (California State University, Sacramento) are available. For each chapter in the textbook, the Instructor's Resource Manuals provide:

- *Notes to the instructor:* notes that include a chapter summary with additional comments.
- *Lecture notes:* a complete set of notes, including a detailed outline of the chapter for aid in preparing class lectures.
- *In-class problems:* 10 to 15 problems per chapter, including in-depth suggested answers.
- *Solutions to textbook problems:* including detailed solutions to all end-of-chapter problems.

Printed Test Bank

The test bank provides a wide range of creative and versatile questions ranging in levels of difficulty and format to assess students' comprehension, interpretation, analysis, and synthesis skills. Containing over 125 questions per chapter, the test bank offers a variety of multiple-choice, true/false, and short-answer questions. All questions have been checked for continuity with the text content and reviewed extensively for accuracy. The test bank was coordinated by Ron Davies (University of Oregon), with the help of contributing authors Terry Monson (Michigan Technological University), Jaishankar Raman (Valparaiso University), and Millicent Sites (Carson-Newman College).

Computerized Test Bank

The test bank is also available in CD-ROM format, powered by Brownstone, for both Windows and Macintosh users. With this Diploma software, instructors can easily create and print tests as well as write and edit questions.

Instructor's Resource CD-ROM

Using the Instructor's Resource CD-ROM, instructors can easily build classroom presentations or enhance online courses. This CD-ROM contains all text figures (in .JPEG and .GIF formats), PowerPoint Lecture Presentations, and detailed solutions to all end-of-chapter problems in the textbook.

Student and Instructor Supplements

Study Guide with Worked Examples

Students' economic thinking will be challenged and extended by a creative new Study Guide with Worked Examples prepared by Stephen Yeaple of the University of Colorado, Boulder. This study guide complements the textbook by providing students with additional opportunities to develop their knowledge of international economics through active learning. This innovative resource reinforces the topics and key concepts covered in the text. For each key section of each chapter, the Study Guide with Worked Examples provides:

- *Key themes:* detailed discussions of key concepts.
- *Key terms:* a summary of important vocabulary within the chapter, including space for students to record their own notes.
- *Review questions with tips:* detailed, thorough problems for students to test their comprehension, along with tips to help students work through the problems. To identify common mistakes and to demonstrate common features of different types of economic problems, *tips* are provided immediately following questions that delve into particularly important or difficult topics.
- *Worked-out solutions:* including solutions to all Study Guide review questions.

Companion Web Site for Students and Instructors

The companion site http://www.worthpublishers.com/feenstrataylor is a virtual study guide for students and an excellent resource for instructors. For each chapter in the textbook, the tools on the site include:

Student Tools

- Detailed learning objectives
- Practice quizzes: A set of questions with feedback and page references to the textbook. Student answers are saved in an online database that can be accessed by instructors.
- Key-term flashcards: Students can test themselves on key vocabulary with these pop-up electronic flashcards.
- Web exercises
- Web links to relevant research and demonstrations

Instructor Resources

- Quiz gradebook: The site gives instructors the ability to track students' interaction with the practice quizzes via an online gradebook. Instructors may choose to have student results emailed directly to them.
- PowerPoint lecture presentations: These customizable PowerPoint slides, prepared by Marie Truesdell (Marian College) and Kristin Van Gaasbeck (California State University, Sacramento) are designed to assist instructors with lecture preparation and presentation by providing original animations, graphs from the textbook, data tables, key concepts, and bulleted lecture outlines.
- Image gallery: A complete set of figures and tables from the textbook in JPEG and PowerPoint formats.

eBooks

All three editions (*International Economics, International Trade,* and *International Macroeconomics*) are available as eBooks. Students who purchase the Feenstra/Taylor eBooks have access to interactive textbooks featuring:

- Quick, intuitive navigation
- Customizable note-taking
- Highlighting
- Searchable glossary
- Access to a dynamic array of online resources.

With the Feenstra/Taylor eBooks, instructors can

- Focus on only the chapters they want. You can assign the entire text or a custom version with only the chapters that correspond to your syllabus. Students see your customized version, with your selected chapters only.
- Annotate any page of the text. Your notes can include your own text or graphs, Web links, and even photos and images from the book's media or other sources. Your students can get an eBook annotated just for them, customized for your course.
- Access online quizzing. The eBook integrates the online quizzing from the book's Companion Web Site.

Web-CT E-pack

The Feenstra/Taylor WebCT e-packs enable you to create a thorough, interactive, and pedagogically sound online course or course website. The e-pack provides you with online materials that facilitate critical thinking and learning, including preprogrammed quizzes, tests, activities, and an array of other materials. This material is preprogrammed and fully functional in the WebCT environment.

BlackBoard

The Feenstra/Taylor BlackBoard Course Cartridge allows you to combine BlackBoard's popular tools and easy-to-use interface with the Feenstra/Taylor text-specific, rich Web content, including preprogrammed quizzes, tests, activities, and an array of other materials. The result is an interactive, comprehensive online course that allows for effortless implementation, management, and use. The files are organized and pre-built to work within the BlackBoard software. They can be easily downloaded from the BlackBoard content showcases directly onto your department server.

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Finally, you will see an accompanying picture of children in La Primavera, El Salvador, with their teachers, on the future site of a small schoolhouse that will be built for them by Seeds of Learning (www.seedsoflearning.org), a nonprofit organization dedicated to improving educational opportunities in rural Latin America. A portion of the royalties from this book go toward supporting the work of Seeds of Learning.

Robert C. Feenstra

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Davis, California
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Courtesy Seeds of Learning

Students in La Primavera, El Salvador, are excited to help build three new classrooms on this land, through the activities of Seeds of Learning.