

International Economics (Econ 231Q)
Spring 2012
Oxford College of Emory University
TTh 1:00 – 2:15

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Office Hours

MW: 10:30 a.m. – 11:30 a.m.
Th: 10:00 a.m. – 11:00 a.m. or by appointment

Overview and Goals of the Course

Nowadays nations interact in many ways and almost all of these interactions have an economic aspect and/or economic consequence. Hence, it is impossible to understand the domestic economy without understanding its interactions with the international economy. In this class we will try to understand the most important theories, policies, and events of international economics. This course will rely on readings, discussion, and debates on current economic issues on the international agenda. Our goals are not only to learn about facts, data and theories but also to analyze and evaluate different ideas, arguments, and points of view. More specifically, the goals are for students to:

1. Gain factual knowledge about countries and international economic (IDEA goal #1)
2. Learn fundamental principles and theories as they pertain to international economics (IDEA goal # 2)
3. Acquire an interest in learning more by asking questions and seeking answers (IDEA goal # 12)

The main players on the international scene are individual countries and international institutions. In first part of this course, we will discuss international institutions as well as the theory and policy issues of international trade. In this section, we will look for the answers to questions such as “Why do countries trade?”, “Why do countries produce certain goods and import others?”, “Why do countries levy tariffs?”, “Is globalization beneficial to all countries?” “How are economic policy choices related to the economic theory?” “What is the role of industrial policy?” In the second part, we will review the basics of the theory of international finance and discuss its policy implications. In this section, we will study international macroeconomic issues and relevant current events: balance of payments accounts, exchange rates, and previous and recent financial crises.

What Is There in Q?

“INQ courses are designed to be both informative and transformative. Students not only learn the fundamentals, concepts, principles, assumptions, and terminology of a

particular discipline, but they also learn to understand and question the ways in which knowledge is pursued". (Statement about the Oxford College GEP – draft).

In this course, textbook, original sources and magazine articles are used in a parallel fashion. Sometimes they complement and other times contradict each other. The goals are for students to realize a relationship between textbook presentations of "final truths" and ways how this knowledge and "truths" are constructed from the original research. Furthermore, students will explore how theoretical results are translated into economic policy choices and what the circumstances are, that affect these choices. The overarching goal for the course is to see that there are no definite answers for the numerous questions economists and policy makers are facing.

During the course, students will progress from a stage with more guidance to more independence in their analysis. More specifically, at the beginning of this course the instructor will provide readings and guidance in classroom discussions.

Classroom discussion will be lead with goals to:

- a) analyze individual readings
- b) synthesize; compare and contrast the readings
- c) understand different points of view and articulate arguments that support them;
- d) present and defend arguments orally

As the course progresses, students will become responsible for asking questions, and providing more independent analysis, synthesis, and evaluation. Furthermore, ability to understand different points of view and arguments behind them will be applied and developed in formal debates in class.

Textbook, Materials and Readings

Required:

James Gerber, *International Economics*, fifth ed., Pearson Education (Addison-Wesley), 2011.

On-line readings on the course BB site.

Suggested:

MyEconLab access to e-book and practice exercises.

Real World Globalization, A Reader in Economics, Business, and Politics, ninth ed., Dollars & Sense, Economic Affairs Bureau, Inc., 2007.

The Economist.

There are several ways to acquire a textbook for this course. One way is to buy access to the MyEconLab web-site where you would find the e-book and additional practice for the book material that I will post for individual chapters. One can also buy a hard copy of the book (new or old one). In this case you would not have access to the practice questions that I post, but the book web-site provides some free practice too. Most efficient way in terms of what you spend and what you get would be to buy access to MyEconLab and if you want a hard-copy of the book, buy an older edition which can be

found very cheaply on-line. Also, Real World Globalization reader (suggested for the course) is an old edition and can be found cheaply on-line.

On-line readings will be posted on Blackboard (BB) site in advance as well our weekly textbook readings and assignments.

We will also have several debates in this class and details will be announced on BB for the course. Debates will involve research before debate, debate in the class and a reflection paper.

The expectation in this class is that you read assigned readings before class. If you do not do this you will not be able to participate in class discussions which will affect your learning and your grades. There will be on average of about 40 pages of assigned readings per week and if you think you can't do it, this class is not going to be a positive experience for you. Also, you will need to answer review questions for textbook readings and write "interactions" with the other readings in your journal before class discussions. I will randomly collect and check them as your homework. There will be very little lecturing in this class and when it happens, it will be based on your questions. Readings and notes will be available in advance on BB.

We will form groups in this class and most of the group work will be done in class. Some of it, like posting notes for class discussions, will be done outside class. More details about each individual class session and your responsibilities will be posted in advance on our BB course site.

Expected Class Conduct

Please be respectful toward your classmates and the teacher, honest in your work, and prepared for class sessions. If there are any problems or suggestions about the course, please let me know. ***No electronic devices are used in this class, unless specifically asked to.***

Examinations and Grading Policies

In class assignments :20%

Midterm exams (2): 45%

Debate: 10%

Attendance and participation :10%

Journal/homework/assignments:10%

Peer Evaluations: 5%

Assignments are due at the beginning of the class in a paper format. Sometimes I will ask you to do both - paper and electronic format. Late assignments will not be accepted. You need to be in the class to submit an assignment. Failure to take a test will lead to a score of zero for that test. No exception will be made except in medical emergencies where the other exams will be adjusted. Written verification is required in such cases.

Grades are not curved (60-69 is D, 70-79 is C, 80-89 is B and 90 and up is A with pluses and minuses in each range).

Honor code

Honor code is strictly enforced in this class. Examples of scholastic dishonesty include (but are not limited to) receiving or giving help on exams and plagiarizing or sabotaging others' work. The usual penalty for violations of honor code is an F in this course.

Communication and Attendance

You are responsible for any announcements or assignments given in class.

We will use MyEconLab and Blackboard conference as depository and communication tools for this class.

I strongly encourage you to attend class, participate in class discussion, study regularly, and complete assigned readings and assignments in a timely manner.

Student Athletes, Students with Accommodations, and Religious Holidays

If there is an interference with your class schedule because of your athletic commitments or religious reasons, please inform your instructor ASAP. Also, if you have accommodations for the class, you are expected to bring in a letter from the responsible college institution ASAP.

Reading Schedule

<i>Week 1, Week 2, & Week 3</i> <u>I. Introduction and International Institutions</u> <u>II. Trade Theory</u> Comparative Advantage	Ch 1 & Ch 2 (Gerber) BB readings Ch 3 (Gerber) BB readings
<i>Week 3 & Week 4</i> Beyond Comparative Advantage	Ch 4 & Ch 5 (Gerber) BB readings
<i>Week 5</i> The Theory of Tariffs and Quotas	Ch 6 (Gerber); BB readings
<i>Week 6</i> <u>I. Trade Policy and Related Issues</u> The European Union	Ch 14 (Gerber); BB readings

<i>Week 7 & Week 8</i> Commercial Policy and Export-Oriented Growth in East Asia Research Skills Session (March 1st)	Ch 7 & Ch 16 (Gerber) BB readings
<i>Week 9</i> <i>Spring Break</i>	
<i>Week 10 & Week 11</i> <i>Midterm I</i> Trade and Policy Reform in Latin America Debate I	Ch 15 (Gerber) BB readings
<i>Week 12</i> China and India in the World Economy Debate II	Ch 17 (Gerber) BB readings
<i>Week 13</i> <u>III. International Finance</u> Trade and the Balance of Payments	Ch 9 (Gerber) BB readings
<i>Week 14</i> Exchange Rates and Exchange Rate Payments	Ch 10 (Gerber) BB readings
<i>Week 15</i> International Financial Crisis Debate III	Ch 12 (Gerber) BB readings
<i>Week 16</i> Midterm II (last class)	

Note: This syllabus is tentative and the instructor reserves the right to make any changes during the course as deemed necessary. These might include, but are not restricted to, addition or deletion of readings, assignments, and changes in the schedule.

Please note that student work submitted as part of this course may be reviewed by Oxford College and Emory College faculty and staff for the purposes of improving instruction and enhancing Emory education.”

Textbook, Readings and Support Materials

James Gerber, *International Economics*, fifth ed., Addison Wesley, 2010.

Real World Globalization, A Reader in Economics, Business, and Politics, ninth ed., Dollars & Sense, Economic Affairs Bureau, Inc., 2007.

Alessandria, G. (2007). Trade Deficits Aren't as Bad as You Think. *Business Review* 1(1), 1-1. Retrieved from http://www.philadelphiafed.org/research-and-data/publications/business-review/2007/q1/br_q1-2007-1_trade-deficit.pdf.

Bertolini, L.; Lahiri, A. (2006). Twin Deficits, Twenty Years Later. *Current Issues*, 12(7), 1-7. Retrieved from http://www.newyorkfed.org/research/current_issues/index.html.

Bertuch-Samuels, A.; Ramlogan, P. (2007). The Euro: Ever More Global. *Finance & Development*, March 2007. Retrieved from <http://www.imf.org/external/pubs/ft/fandd/2007/03/bertuch.htm>.

Burton, D.; Zanello, A. (2007). Asia Ten Years Later. *Finance and Development*, 44(2). Retrieved from <http://www.imf.org/external/pubs/ft/fandd/2007/06/burton.htm>.

Dattagupta, R.; Fernandez, G.; Karacadag, C. (2005). Moving to a Flexible Exchange Rate- How, When, and How Fast? *Economic Issues* 38, IM. Retrieved from <http://www.imf.org/external/pubs/ft/issues/issues38/ei38.pdf>.

Fischer, Stanley (Interview). Retrieved from http://www.pbs.org/wgbh/commandingheights/shared/minitextlo/int_stanleyfischer.html.

Goldberg, L.; Dillon, E.W (2007). Why a Dollar Depreciation May Not Close the U.S. Trade Deficit? *Current Issues in Economics and Finance*, 13(5). http://www.newyorkfed.org/research/current_issues/ci13-5/ci13-5.html.

Hillebrand, E. E.; Lewer, J. J.; Zagardo, J. T. (2010). Backtracking from Globalization. *Global Economy Journal*, 10 (4).

King, Sharmila (2010). China's Controversial Exchange Rate Policy. *International Economics, Globalization, and Policy: A Reader*. McGraw-Hill.

Kumar, Anil (2007). Does Foreign Direct Investment Help Emerging Economies? *Economic Letter*, Jan. 2007, FRB Dallas. Retrieved from <http://dallasfed.org/research/eclett/2007/el0701.html>.

Mauro, P.; Yafeh, Y. (2007). Financial Crises of the Future. *Finance & Development*, December 2007. Retrieved from <http://www.imf.org/external/pubs/ft/fandd/2007/12/mauro.htm>.

Moss, J. (2010). Trade in the Americas. International Economics, Globalization, and Policy: A Reader. McGraw-Hill.

Peri, Giovanni (2007). America's Stake in Immigration, *The Milken Institute Review, Third Quarter*. Retrieved from http://www.milkeninstitute.org/publications/review/2007_7/40-49MR35.pdf

Rodrik, Dani. (1998). Symposium on Globalization in Perspective: An Introduction, *Journal of Economic Perspectives*, 12 (4). 3-8.

----- (2006a). Goodbye Washington Consensus, Hello Washington Confusion? A Review of the World Bank's *Economic Growth in the 1990s: Learning from a Decade of Reform* *Journal of Economic Literature*, XLVI (December). 973-987.

----- (2006b). What Is So Special about China's Exports? *NBER WP #11947*. Retrieved from www.NBER.org.

Saving, Jason (2006). Integration and Globalization: The European Bellwether. *Economic Letter*, May 200. *FRB Dallas*. Retrieved from <http://dallasfed.org/research/eclett/2006/el0605.html>.

WGBH. (2002). Commanding Heights – The Battle for the World Economy. Heights Production, Inc. Retrieved from <http://www.pbs.org/wgbh/commandingheights/10/index.html>.
PBS documentary on the basis of the book Yergin, Daniel and Stanislaw, Joseph: *The Commanding Heights: The Battle Between Government and the Marketplace That Is Remaking the Modern World*(1998).

Williamson, J. (2006). Global Migration. *Finance and Development*, 43 (3). 1-20.

The Economist and other sources that will be used occasionally are available through the library and/or will be handed out in class.

