

Introduction to Global Trade and Finance
Econ 231Q
Spring 2013
Oxford College of Emory University
TTh 11:50 – 1:30

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Office Hours

MW: 11:00 a.m. –12:00 p.m.
Th: 10:00 a.m. – 11:00 a.m. or by appointment

Overview and Goals of the Course

Nowadays, nations interact in many different ways and almost all of these interactions have an economic aspect and/or an economic consequence. Thus, it is not possible to understand the domestic economy without understanding its interactions with the international economy. In this class we will examine most relevant theories, policies, and events of international economics. 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 the international economy (IDEA goal #1)
2. Learn fundamental principles and theories as they pertain to the international economics (IDEA goal # 2)
3. Learning to analyze and critically evaluate ideas, arguments, and points of view. (IDEA goal # 11)

Main participants on the international scene are individual countries and the international institutions. In the first part of this course, we will discuss international institutions as well as the theory and policy issues of the 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 general 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 they contradict each other. The goal is for students to realize 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 circumstances affect these choices. The overarching goal for the course is to see that there are no definite answers for 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 instructor will provide readings and a guidance in a classroom discussion.

Classroom discussions 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 panel discussion sessions in class.

Textbook, Materials and Readings

Required:

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

On-line readings on the course BB site.

The Economist. Access through the Oxford College library.

There are several ways to acquire the textbook for this course: through the bookstore (please, check the options in the bookstore) or on-line, through the publisher. It can be in an e-book or hard copy format depending on your preferences.

Access to the homework can be acquired again through the bookstore or directly from the publisher. Please, check “bundling” options in both cases and decide on the basis of your preferences.

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

Towards the end of the course we will have panel discussions on the topics of interest. You will have opportunities to choose topics, prepare and research and discuss them as teams in class. Detailed instructions will be given later.

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 an average of about 40 pages of assigned readings per week and if you think you can't do this, the class is not going to be a positive experience for you. You will also need to write "interactions" for your readings in a journal before class discussions. I will randomly check them as a part of your homework. Furthermore, at the beginning and at the end of the course you will be asked to write short papers reflecting your knowledge and opinions on the topic of globalization. There will be some lecturing in this class but majority of the time and learning will happen through your independent effort and my facilitation. Assigned readings, notes and weekly schedules will be available in advance on Blackboard and homework assignments on MyEconLab site.

We will form teams 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 the class. More details about each individual class session and your responsibilities will be posted in advance on our BB course site. Readiness assessments (RAs) will be given on each unit as team quizzes.

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 (RAs, papers and other in class assignments): 20%

Midterm exams (2): 45%

Panel discussion: 5%

Attendance, participation: 10%

Journal/homework assignments: 15%

Peer Evaluations: 5%

Turn-in assignments are due at the beginning of the class in a paper format or an electronic format, depending on a type of the assignment. 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 (RA I)</i> <u>I.Introduction and the International Institutions</u>	Ch 1 & Ch 2 (Gerber) BB readings
<i>Week 3 & Week 4 & Week 5 (RA II and RA III)</i> <u>II.Trade Theory</u> Comparative Advantage Beyond Comparative Advantage The Theory of Tariffs and Quotas	Ch 3 (Gerber) BB readings Ch 4 & Ch 5 (Gerber) BB readings Ch 6 (Gerber); BB readings
<i>Week 6, Week 7 & Week 8 and Week 10(RA IV)</i> <u>III. Trade Policy and Related Issues</u> The European Union Commercial Policy and Export-Oriented Growth in East Asia Research Skills Session (Feb 19th)	Ch 14 (Gerber); BB readings Ch 7 & Ch 16 (Gerber) BB readings
<i>Week 9</i> <i>Spring Break</i>	
<i>Week 11(RA V)</i> Midterm I Trade and Policy Reform in Latin America	Ch 15 (Gerber) BB readings
<i>Week 12</i> China and India in the World Economy	Ch 17 (Gerber) BB readings
<i>Week 13, Week 14 & Week 15 (RA VI)</i>	

III. International Finance	
Trade and the Balance of Payments	Ch 9 (Gerber) BB readings
Exchange Rates and Exchange Rate Payments	Ch 10 (Gerber) BB readings
International Financial Crisis	Ch 12 (Gerber) BB readings
Panel Discussions	
<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.

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 2006. 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/lo/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.