

International Economics (Econ 231Q)
Fall 2011
Oxford College of Emory University
MW 3:30-4:45

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Office Hours

MW: 10:30 p.m. – 11:30 p.m.
Th: 2:00 a.m. – 4:00 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. It is impossible to understand the domestic economy without understanding its interactions with the international economy. In this class we will try to understand most important theories, policies, and events of international economics.

This is an introductory course to International Economics. Thus, we will not go over the mathematical modeling techniques but we will concentrate on graphic explanations and on economic intuition.

Main players on 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 try to answer questions such as “Why do countries trade?”, “Why do countries produce certain goods and import others?”, “Why do countries levy tariffs?”, “What are other kinds of trade restriction?” In 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.

There are three main goals of this course:

1. To gain knowledge about trends, facts and relate data to the real life;
2. To learn to analyze and evaluate ideas, arguments and points of view;
3. To acquire interest in learning more by asking questions and seeking answers.

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 and original articles are used in a parallel fashion. Sometimes articles shed more light on specific topics or contradict claims made in the textbook. The goal is for students to realize relationship between textbooks presentations of "final truths" and ways how this knowledge and "truths" are constructed.

During the course students will progress from a stage with more guidance to more independence in their analysis. More specifically, at the beginning of the course instructor will provide readings and questions based on these readings before class sessions (blended learning) and lead discussions in the class. Questions will be posed with goals to:

- a) analyze individual readings;
- b) to synthesize; compare and contrast textbook and original readings;
- c) to formulate further questions not answered in these readings.

As the course progresses students will become responsible for asking questions, providing more independent analysis and synthesis, evaluation and prescription. Namely, at a certain stage of the course students will be expected to post questions previously formulated by instructor. Furthermore, the development of the ability to ask questions not answered in their readings and evaluate readings will provide a source for formulating a formal debate topic. In addition to this, gradual approach will also provide students with tools to write a research paper on a country of their choice towards the end of the course. The paper will have an economic focus and students' ability to ask a research question will follow from the experience in asking questions not answered in their assigned readings.

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.

Examinations and Grading Policies

In class assignments, participation, attendance: 15%

On-line homework: 10%

Assignments/debate/paper: 20%

Midterm exams (2): 50%

Peer Evaluations 5%

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). On-line homework will be due after each unit. You can talk to your classmates about it. Lowest or one missed homework grade will not be counted towards your grade. Details about the assignments/debate/paper will be supplied in class later. Debate will involve research before debate, debate in the class and a reflection paper. Research paper (5-10 pages) on a country of your choice will be due by the end of the course and count as 10% of your grade. *Paper assignments are due at the beginning of the class. 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.*

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 grade F in this course.

Communication and Attendance

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

We will use MyEconLab and Blackboard conferences 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 sets in a timely manner.

Students 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 a.s.a.p. Also, if you have accommodations for the class, you are expected to bring in a letter from the responsible college institution a.s.a.p.

Textbook, Readings and Support Materials

James Gerber, *International Economics*, fifth ed., Addison Wesley, 2010 with on-line homework access (MyEconLab);

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>.

Cavallo, M. (2005). To Float or Not to Float? *FRBSF Economic Letter*, 2005-01. Retrieved from <http://www.frbsf.org/publications/economics/letter/2005/el2005-01.pdf>.

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.
- Ostapik, E; Yi, K-M. (2007). International Trade: Why We Don't Have More of It? *Business Review*, 3, 20-28. Retrieved from www.philadelphiafed.org.
- 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, D. (2001). The Global Governance of Trade as if Development Really Mattered. Report submitted to UNDP. Retrieved from www.undp.org.
- Rodrik, D.(2006). 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.

Reading Schedule

<p><i>Week 1 & Week 2</i></p> <p>I. <u>Introduction and International Institutions</u></p> <p>II. <u>Trade Theory</u></p> <p>Comparative Advantage</p>	<p>Ch 1 & Ch 2 (Gerber) Bretton - Woods (Commanding Heights; Episode 1, Ch 1-Ch 6); Hillebrand, E. E.; Lewer, J. J.; Zagardo, J. T. (2010). Backtracking from Globalization. <i>Global Economy Journal</i>, 10 (4).</p> <p>Ch 3 (Gerber) Ostapik, E; Yi, K-M. (2007). International Trade: Why We Don't Have More of It? <i>Business Review</i>, 3, 20-28.</p>
<p><i>Week 3 & Week 4</i> <i>No class on Sept 5</i></p> <p>Beyond Comparative Advantage</p> <p>The Theory of Tariffs and Quotas</p>	<p>Ch 4 & Ch 5 (Gerber) Williamson, J. (2006). Global Migration. <i>Finance and Development</i>, 43 (3). 1-20.</p> <p>Ch 6 (Gerber);</p>
<p><i>Week 5 & Week 6</i></p> <p>III. <u>Trade Policy and Related Issues</u></p> <p>The European Union</p> <p>Commercial Policy and Export-Oriented Growth in East Asia</p>	<p>Ch 14 (Gerber); Saving, Jason (2006). Integration and Globalization: The European Bellwether. <i>Economic Letter</i>, May 2006. <i>FRB Dallas</i>. Bertuch-Samuels, A.; Ramlogan, P. (2007). The Euro: Ever More Global. <i>Finance & Development</i>, March 2007.</p> <p>Ch 7 (Gerber) Ch 16 (Gerber) Rodrik, D. (2001). The Global Governance of Trade as if Development Really Mattered. Report submitted to UNDP. Retrieved from www.UNDP.org.</p>

<p><i>Week 7</i></p> <p>Trade and Policy Reform in Latin America</p> <p>Midterm I, Oct 5th</p>	<p>Ch 15 (Gerber) Moss, Joanna: Trade in the Americas</p>
<p><i>Week 8 & Week 9</i></p> <p>Fall Break <i>Oct 13 Research Resources and Skills</i></p> <p>China and India in the World Economy</p>	<p>Ch 17 (Gerber) Rodrik, Dani: What Is So Special about China's Exports?</p>
<p><i>Week 10 and Week 11</i></p> <p>Debate</p> <p>I. <u>International Finance</u></p> <p>Trade and the Balance of Payments</p>	<p>Ch 9 (Gerber) Kumar, Anil (2007). Does Foreign Direct Investment Help Emerging Economies? <i>Economic Letter, Jan. 2007, FRB Dallas.</i></p>
<p><i>Week 12</i></p> <p>Exchange Rates and Exchange Rate Payments</p>	<p>Ch 10 (Gerber) Sharmila King – China's Controversial Exchange Rate Policy Cavallo, M. (2005). To Float or Not to Float? <i>FRBSF Economic Letter, 2005-01</i> Dattagupta, R.; Fernandez, G.; Karacadag, C. (2005). Moving to a Flexible Exchange Rate- How, When, and How Fast? <i>Economic Issues 38, IMF.</i></p>
<p><i>Week 13</i></p> <p>II. <u>Open Economy Macroeconomics</u></p> <p>Open Economy Macroeconomics</p>	<p>Ch 11 (Gerber) Bertolini, L.; Lahiri, A. (2006). Twin Deficits, Twenty Years Later. <i>Current Issues, 12(7)</i>, 1-7. Goldberg, L.; Dillon, E.W (2007). Why a Dollar Depreciation May Not Close the U.S. Trade Deficit? <i>Current Issues in Economics and Finance, 13(5)</i>. Alessandria, G. (2007). Trade Deficits Aren't as Bad as You Think. <i>Business Review 1(1)</i>.</p>

Week 14 & Week 15 Draft of the paper due International Financial Crisis Thanksgiving Break	Ch 12 (Gerber), Asian Crisis (CH Episode 3: Ch 5 – Ch 15) Fisher, S. interview (CH) Burton, D.; Zanello, A. (2007). Asia Ten Years Later. <i>Finance and Development</i> , 44(2). Mauro, P.; Yafeh, Y. (2007). Financial Crises of the Future. <i>Finance & Development</i> , December 2007.
Week 16 Midterm II (last class) Research paper due Friday, Dec 9th 5:00 p.m.	Catching up...

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.

Book and Reading Material Acquisition:

There are three choices to get the book for this course:

1. Go to the bookstore and buy e-book and homework access for \$90.00.
2. Go on-line to MyEconLab and buy the same for \$100.00.
3. Go on-line to MyEconLab and buy only access to HW for \$50.00 and buy hard copy (used or new) of the book on-line.

How to Register and Enroll in Your MyEconLab Course

Welcome to MyEconLab! Your instructor has set up a MyEconLab course for you.

Textbook: Gerber: *International Economics*, 5e

Course Name: International Economics Fall 2011

Course ID: XL0Q-414V-501Z-92Q2.

To join your instructor's course, please complete the following **two** steps:

1. **REGISTER** for MyEconLab, and, 2. **ENROLL** in your instructor's course

To register, you will need:

1. A valid e-mail address, and, 2. The **access code** that came with your MyEconLab Access Kit

If you don't have an access kit, you can purchase access online at

<http://www.myeconlab.com>.

You will have the choice to purchase access with or without a full etext. Once enrolled in your professor's course, you will also have the option to purchase a discounted version of your text.

Step 1: Register for MyEconLab

1. Go to <http://www.myeconlab.com> and click the **Students** button, in the **Register section**.
2. Follow the on-screen instructions for choosing author and title.
3. Choose **Register with an Access Kit/Code** if an access kit was included with your book. If you need to purchase access online, click **Purchase Access**.
4. Follow the instructions to set up your login and password and register for your course.

Step 2: Enroll in your instructor's course

1. Log in to MyEconLab at <http://myeconlab.com> with your newly created Login Name and Password
2. Enter your Course ID: XL0Q-414V-501Z-92Q2

If you purchased access, visit the **Student Center** inside your Instructor's Course for additional purchase options.

Note: If you are taking two MyEconLab courses simultaneously you will need two separate login accounts. **Need Help?** For assistance, please visit <http://www.myeconlab.com/support>.

