

California State University, Fullerton
Department of Economics
Office Hours:
M 11:00-12:00
W 10:30-12:30
And by appointment

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THE GLOBAL ECONOMY – HONORS 303T Spring 2005

We live in a world that is becoming tightly integrated to a degree and at a rate that humans have never before experienced. This offers broad opportunities for countries and individuals to succeed beyond anything imagined even ten years ago, and for them also to fail spectacularly. Some countries are poised to raise their standard of living rapidly, some are mired in poverty, some are unsure that they want to join the fray of global competition, and others are worried about losing high-wage jobs and investment to lower cost regions.

We will cover topics such as:

- What has changed, and why has change occurred so rapidly?
- Why do some countries make it out of poverty and others do not?
- Do U.S. workers really have to worry about competition from low-wage countries? Will U.S. wages fall to Chinese levels, for example?
- Why is your customer service call likely to be answered by someone in another country?
- What happens to the economy when we persistently import more than we export? How can this even happen?
- Is the World Trade Organization (WTO) an ally of Darth Vader or a force for good?
- Do easier financial flows around the globe threaten international stability?
- Will environmental protection inevitably be weakened because of trade pressures?
- Should NAFTA expand to become a Free Trade Area of the Americas?
- Is the European Monetary Union a good idea?
- Is the U.S. better off with a weaker dollar?
- Do oil prices really matter?

Objectives and Approach: This course will provide you with an introduction to the relationships and dynamics of the global economy, and help you to develop an appreciation for the diversity and complexity of economies around the world. At the end of the course you should be able to independently form defensible judgments about the accuracy and meaning of reports about patterns of economic growth, trade, international financial arrangements, exchange rates, the

benefits and risks of global integration, and related issues. Economic theories and concepts that are useful in understanding the interests of competing regions and the historic pattern of trade and economic development will be developed and applied extensively in discussions, small group exercises and written essays.

Required Books:

The Wealth and Poverty of Nations: Why Some are so Rich and Some are so Poor, David S. Landes, Norton, 1999.

International Economics and International Economic Policy: A Reader, 4th Edition, Philip King and Sharmila King, McGraw-Hill Irwin, 2004.

Globalization and its Discontents, Joseph Stiglitz, Norton, 2003

Other Course Materials:

World Bank Data by Topic:

<http://www.worldbank.org/data/databytopic/databytopic.html>

World Bank World Development Report 2005:

<http://web.worldbank.org/external/default/main?theSitePK=477665&contentMDK=20259914&menuPK=477673&pagePK=64167689&piPK=64167673>

Current news articles will be assigned periodically, and available on the course website.

General Education Objectives:

This course meets the General Education (G.E.) requirement in category III.C.2. - Implications, Explorations, and Participatory Experience in the Social Sciences. It includes the following goals for student learning: a. to understand broad, unifying themes in the social sciences from cross-disciplinary perspectives, b. to solve complex problems that require social science reasoning, c. to relate the social sciences to significant social problems or to other related disciplines. The course includes a significant writing component with evaluations offering opportunities for students to improve their writing.

Grading Policy:

Your grade will be based on three exams, three analytical assignments, and participation. The course grade will be weighted in this way:

Exams 30% - 2 @ 15 %

Writing assignments:

Essays 20% - 2 @ 10 %

Reaction papers 25% - 5 @ 5 %

Country paper 15 %

Participation 10%

Grades will be assigned on this scale:

Grade Points		
90-100	A	4.0
87-89	B+	3.3
83-86	B	3.0
80-82	B-	2.7
Etc.		

Exams focus on assigned reading, and on material covered in class and in written assignments. Part of each exam will be take-home. Exams are designed largely to evaluate how well you can determine what tools to use and what information is most important to address a question, and how well you use that knowledge. The objective is *understanding* not *memorizing*. There will be no make-up exams. In a documented case of unavoidable absence (earthquake, asteroid strike, alien invasion, or similar event) an additional country paper will be assigned.

Writing assignments will require that you apply information, methods and/or theory from the assigned readings and other specified sources to actual world events. Essays will be 3-4 pages in length. The first essay can be re-written, following feedback on the first version, and can earn up to ten additional points. The reaction papers will be 2-3 pages in length and call for you to provide your views and conclusions about an assigned reading or a news article. You will have eight options during the semester and will choose five of these. The research paper will be 8-10 pages in length, and requires a critical assessment of the recent economic circumstances of a country (to be chosen from a list) and your analysis of that country's prospects for attaining sustained economic growth along with rising incomes and low inflation. If you are not fully confident of your writing skills and knowledge of grammar, an excellent (and even amusing) paperback reference is *Woe Is I*, by Patricia O'Connor.

Assignments that you turn in must be written by you and in your own words. **Plagiarism - cutting and pasting or otherwise copying from any source - is unacceptable, as is paraphrasing from the text or other sources.** You must *demonstrate in your own words* your comprehension and ability to

synthesize material relevant to the assignment. When you refer to the work of others, it must be cited appropriately. **The minimum penalty for plagiarism is a grade of zero for the assignment.**

Late work will be discounted 10 points for each day past the due date. So an assignment that is one day late and would otherwise earn a 90 will receive an 80. If it is two days late a 70, and so on.

Participation includes actively engaging in class discussions - asking questions, responding to comments made by others, and raising relevant issues - and regular engagement in small group exercises in class.

Odds and Ends:

There is a Blackboard website for this course. It will be used to post news articles and other materials, and discussion questions to be read before class. You may also use the Virtual Classroom feature to hold group study sessions. Email will generally be answered within 24 hours, usually less, and possibly longer on weekends.

Date	Topics	Reading/Assignments
Jan.31/Feb. 2	Introduction to Selected Indicators Review of Economic Principles	World Bank Data; Landes Intro.
Feb. 7/9	Trade Issues	King Ch. 1-5 Related news articles
Feb. 14/16	Global Institutions and Issues	Stiglitz Ch.1-3 King Ch.6 -8
Feb. 21/23	Global Change	King Ch. 15-18
Feb. 28 March 4	Factor Endowments	1st Exam Landes Ch. 1-5; King Ch. 9
Mar.7/9	The European Path	Landes Ch. 6-10
March 14 March 16	Winners and Losers	1st Essay Due Landes Ch. 12; King 12-13.
March 21/23	Latin America	Landes Ch. 19&20; WB Data

Spring Break

Apr. 4/6	Asia	Landes Ch. 21-24 WB Data
Apr. 11/13	Africa	Landes Ch. 25&28; WB Data
Apr. 18 Apr. 20	The Middle East	2nd Essay Due WB Data and website
April 25 April 27	Regional Agreements	2nd Exam King Ch. 14; 28-30
May 2/4	Balance of Payments and Exchange Rates	King Ch. 19-24
May 9/11	Emerging Issues	Stiglitz Ch. 4 King Ch. 25; 32 - 33
May 16/18	What's Ahead?	Stiglitz Ch. 7 -9 Landes Ch. 29 and Epilogue
May 23		Country Paper Due