

Brandeis University
Department of Economics

ECONOMICS 28B
THE GLOBAL ECONOMY

SYLLABUS

Summer 2024

Lecturer: Mohammed AlMehdar
Office Hours: By appointment/posted on latte
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COURSE SUMMARY

This course introduces the concept of international economics and globalization. International economics is concerned with studying the causes and effects of international flows of goods, services, labor, and capital. We will look at how governments and international institutions such as the World Trade Organization and the International Monetary Fund impact those flows through different policies and regulations in the areas of international trade and finance.

The course considers both the microeconomic and macroeconomic effects of international transactions. In the microeconomic portion of the course, we will consider a number of economic models of international trade in goods and services. We will use these models to predict the effects of free trade as well as the effects of government interventions that would either reduce (e.g., tariffs, quotas) or increase (e.g., export subsidies) the volume of trade. We will also discuss the causes and effects of international flows of labor (migration) and capital (investment).

In the macroeconomic portion of the course, we begin with the balance of payments accounts and what is meant by a balance of payments surplus or deficit. We then look at the factors that influence exchange rates, both in the short run and in the long run. We will discuss how a government, if it chooses, can hold its exchange rate fixed. We will also talk about the effects of international lending and recent financial crises associated with such lending.

Reading Materials:

The main text for this class is Thomas A. Pugel, *International Economics*, 15 Edition (McGraw-Hill/Irwin, 2011)

The introductory chapters will come from the Economy open textbook by CORE-ECON
<https://www.core-econ.org/>

Other readings that could be helpful: Thomas A. Pugel, *International Economics*, 15 Edition (McGraw-Hill/Irwin, 2011).

Supplementary materials will be posted on LATTE on a topic-by-topic basis.

You are also encouraged to keep up with international economic news by reading The New York Times, The Economist, the Financial Times, or listening to National Public Radio.

Grading:

- 15% Problem Sets
- 15% Midterm Exam
- 30% Final Exam
- 20% Participation
- 20% Group Presentations

Class Policies:

Exams and Quiz: The topics and chapters covered on each of the exams will be posted in LATTE prior to each exam. The exams may include any material from class, the text, the homework, and course supplements. Sample practice questions will be posted on LATTE. The exams will be open book and students will have 48 hours from posting to complete them.

Problem Sets: Homework assignments and due dates will be posted on LATTE and they should be turned in by midnight on the due date. You can work on the problem sets with other students in Econ 28b. However, you are responsible for turning in your own work and the work should not simply be a copy of another student's assignment. Please keep in mind that the problem sets are your best preparation for the exams, where you'll be asked to solve hard problems quickly, thoroughly, and *independently*.

Attendance & Participation: There are no required live classes, I will post short video lectures for you to go through and I'll also host live sessions from time to time for discussions which you are highly encouraged to attend (but not required). I'll email and post the dates of those on LATTE.

Information dissemination: Course information will be posted on LATTE. You are responsible for checking the LATTE course page frequently. Any significant changes to our schedule will be announced via email.

Contacting me: The best way to contact me is via email. I check my email regularly.

Accommodations: If you are a student with a documented disability on record at Brandeis University and wish to have a reasonable accommodation made for you in this class, please see me right away. Please keep in mind that accommodations cannot be provided retroactively.

Academic integrity: You are expected to be familiar with and to follow the University's policies on academic integrity (see <http://www.brandeis.edu/studentaffairs/srcs/ai/index.html>). Instances of alleged dishonesty will be forwarded to the Office of Campus Life for possible referral to the Student Judicial System. Potential sanctions include failure in the course and suspension from the University.

LECTURE OUTLINE

This table will be updated within the next few days.

Week 1	General Economics Introduction and The Global Economy
Readings:	CORE-ECON Chapters 1, 18 Slides posted on Latte
Assignments:	Forum Discussion: will be posted on June 3 rd Responses by June 7 th .
Week 2	Basic Theory of International Trade
Readings:	The Supply and Demand Model – Pugel ch. 2 Transportation Costs Comparative Advantage ch. 3
Assignments:	Forum Discussion Problem Set 1
Week 3	Models of Trade Comparative Advantage ch. 3 & pp. 49-6 The Heckscher-Ohlin Model and Extensions pp. 62-64 & ch. 5
Readings:	
Assignments:	Problem Set 2
Week 4	Models of Trade New Trade Theory ch. 6 Trade and Economic Development ch. 7 The Future of Trade and the Effects of Globalization
Readings:	
Assignments:	
Week 5	Trade Policy Tariffs ch. 8 Nontariff Barriers to Trade ch. 9 Arguments For and Against Trade Protection ch. 10
Readings:	
Assignments:	Problem Sets 3/4/5 (GROUP) Forum Posts for Group Project
Week 6	Trade Policy
Readings:	Dumping and Export Subsidies ch. 11 Trade Blocs pp. 259-274 Trade Sanctions (time permitting) pp. 274-279
Assignments:	Midterm Posted on July 6 th , Due July 10 th
Week 7	International Factor Movements Understanding Foreign Exchange
Readings:	Capital and Technology Flows pp. 343-363, 513-516

	<p>Migration pp. 363-374 The Balance of Payments ch. 16 & Appendix E The Foreign Exchange Market ch. 17</p>
Assignments:	<p>Group Presentation on Topic of Your Choice:</p> <ul style="list-style-type: none"> - Create a 15-20 minute presentation - Comment and Give Feedback on 3 Other Presentations <p>Problem Sets 6-8 (Group)</p>
Week 8	Understanding Foreign Exchange
Readings:	<p>What Determines Exchange Rates? chs. 18 & 19 Government Policies toward the Forex Market ch. 20 & pp. 652-660 International Lending and Financial Crises ch. 21</p>
Assignments:	Final Exam