

## International Economics

*Fall Semester 2009: "21st Century Economy"*

BA 310 (International Economics), 3 units, Tuesday 9:00-11:45 am

Prof. Elena Givental  
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Office Hours: Tue. 11:45 am-12:15 pm or by appt.  
Location: TBA

### **Course Description:**

The course deals with the fundamental theories of international relations, global interdependence, and the modern nation-state system. It covers theories of direct foreign investments, behavior of MNC's, country-risk analysis, money and finances, investment restrictions and incentives, and prospects for international investment and development. The course also considers the reciprocal relationship between the economic activities and earth surface features, population, human production, consumption, and distribution.

This course will combine elements of economics, economic geography, and business to analyze global and regional development trends. The purpose of development is to improve quality of life by providing jobs, housing, clean energy, water and air, efficient infrastructure, and new technologies. We will examine various mechanisms and forces that have an impact on development in our globalized world. We will also study the ways in which economic activity is distributed across space, the reasons for this distribution, and the trends in continuous processes of global change. Finally, we will analyze how various nations and regions of the world manage to achieve economic growth and explore solutions for less developed countries to succeed in sustainable development. Much emphasis will be made on the economic challenges of the 21st century including globalization, free trade and isolationism, corporate governance and greed, immigration and outsourcing, green economy, energy production and consumption, renewable energy sources and policies, regional dimensions of development and elimination of poverty.

### **Required Textbook:**

The World Economy: Resources, Location, Trade and Development (2007) by Frederick P. Stutz and Barney Warf (published by Pearson Prentice Hall) ISBN: 0132436892  
Available from Amazon.com, new and used in the \$50-\$70 range

### **Grading: 450 points total**

Five quizzes	50 points	Multiple choice, 10 questions each
Two take-home midterms	100 points	Multiple choice, short answers
Final in-class exam	100 points	Multiple choice, short answers
Term Paper	100 points	Selected topic of your choice
Writing Assignment	50 points	Journal or paper article analysis
Group Project (graded individually)	50 points	Details will be discussed in class

### **Grading Policy:**

		96-100%	A	90-95%	A-
88-89%	B+	82-87%	B	80-81%	B-
78-79%	C+	72-77%	C	70-71%	C-
66-69%	D+	60-65%	D		
		less than 60%	F		

### 2 Midterms and 1 Final

Each take-home midterm exam will cover new material from specific parts of the course. The final in-class exam will be cumulative, covering new material as well as the most important economic concepts and global trends studied throughout the entire course. Exam questions will be multiple-choice, true-false, and short paragraph answers based on lecture material and readings from your textbook.

### Term Paper (4-5 pages)

The term paper involves analysis of one of the elements of economic structure (economic resources, an industrial sector, agriculture, transportation network, etc.) of your choice in a particular country of the world. The term paper should include a short geographic background on the country (demographic, historical, environmental, political, cultural, etc.) as well as a description of the selected element with your analysis of its significance or deficiencies. You can also trace its economic history back in time and analyze the future development trends in the conditions of global economy. All sources should be cited properly and the reference list should be attached.

**Due December 8**

### Article Analysis (2-3 pages)

You will write a response to a selected journal or paper article in the context of the course lectures. Written responses should be 2 to 3 pages in length, in the form of an essay, part article summary and part analysis based on your own reflections.

**Due October 27**

*5 points taken off for late term papers and essays*

### Group Project Presentations, December 1.

The topics for the presentations, as well as the size of each group and the presentation format will be determined later and discussed in class.

### **Class Rules:**

No cell phone calls or text messaging in class

Class begins promptly at 9 a.m.

Late arrivals (over 15 minutes) will be reported as class absences

Make-up quizzes can be taken during office hours

A deduction of 5 points will be made for each late assignment

**Plagiarism\* or cheating will result in Zero grade for that test or assignment**

**\*Plagiarism** means using the ideas, sentences, paragraphs, or the whole text of another person without proper acknowledgement or reference

## TOPICS, READINGS, TEST SCHEDULE AND DUE DATES

### Aug. 25 Introduction to The World Economy

The basics: what is the world economy? What should be produced and how? What is globalization? Globalization of culture, consumption, services, tourism.

Transnational Corporations. Globalization of investment. Information technology and globalization. World development problems: environmental constraints, disparities in wealth. Geographical Information Systems. Political economies: capitalist economies, command economy, traditional economy. The changing global economic map in the 21st century.

READ: *Textbook Chapter 1. Lecture notes.*

### Sep. 1 Historical Development of Capitalism

The emergence of a world economic system: hunting, farming, city civilization, feudalism, wealth accumulation and trade, mass migrations. The emergence and nature of capitalism. The Industrial Revolution and industrialization, growth of global markets and international trade, colonialism, and transplantation of the nation-state. Cycles of industrialization.

READ: *Textbook Chapter 2. Lecture notes.*

Sep. 8                    World Population

Global population distribution and density. Population growth and factors affecting population growth and distribution. Malthusian theory. Demographic Transition model. Migration and its consequences. Patterns of migration. Population structure. Baby Boom and its impacts.

**Quiz #1 (chapters 1-2)**

READ:            *Textbook Chapter 3. Lecture notes.*

Sep. 15, 22   Primary Economic Activities: Resource Extraction.

Energy Production. Environmental Change

Types of resources and their limits. Renewable and nonrenewable resources. Nonrenewable mineral resources: location and projected reserves. Resource abundance: blessing or curse? Environmental change due to mineral extraction. Energy: production and consumption, energy options (nuclear, geothermal, solar, wind, biomass, hydropower), energy conservation. Regional dimensions of environmental degradation. Possibilities for sustainable development. Natural resources and geopolitics.

READ:            *Textbook Chapter 4. Lecture notes.*

Sep. 29            Factors of Location, Firm Growth, TNCs and States

Factors determining location decisions of firms: labor, land, capital, skills, technological innovation. The Weberian Model application and limitations. The role of state in a globalizing economy. Technology: the engine of change. Transnational Corporations: the primary "movers and shapers" of global economy. The geography of transnational production networks. Relationship between TNCs and states.

**Quiz # 2 (chapters 3-4)**

**Midterm #1 take-home exam distributed, due October 6**

READ:            *Textbook Chapter 5. Lecture notes.*

Oct. 6            Secondary Economic Activities: Value Added

The nature of manufacturing and its changing geography. Globalization of manufacturing. Global shifts in different sectors. IT and competitive advantage. Flexible manufacturing. Case studies: The Textiles and Garments Industries, The Automobile Industry, The Semiconductor Industry. Regional restructuring in Europe, North America and East Asia.

**Midterm #1 take-home exam due Oct. 6**

READ:            *Textbook Chapter 7. Lecture notes.*

### Oct. 13 Tertiary Sector of the Economy: Services

Forces driving the growth of services. Producer and consumer services. Demand for health service and education. Accounting, design, and legal services. Services productivity and labor market characteristics. Technological change in services. Case study: The Financial Services Industries.

READ: *Textbook Chapter 8. Lecture notes.*

### Oct. 20 Agricultural Sector and Rural Land Use

Industrialization of agriculture. Systems of agricultural production: subsistent and commercial agriculture. Geography of grain farming, dairy farming, cattle ranching. Mediterranean cropping. Agricultural policies. Applications of the Von Thünen Model. Increasing food production and the environmental impact of agriculture.

**Quiz # 3 (chapters 7-8)**

READ: *Textbook Chapter 6. Lecture notes.*

### Oct. 27 Urban Economies. World Consumption

The rise of the modern city. Urban spatial organization: the Concentric Ring Model, the Multiple-Nuclei Model. Metropolis: patterns and problems. Suburbanization and inner-city decline, gentrification. Global cities. Consumption in the historical, geographical, and economics theory contexts. Environmental dimensions of consumption.

**Writing Assignment due Oct. 27**

READ: *Textbook Chapters 10-11. Lecture notes.*

### Nov. 3 Transportation and Communications

Transportation infrastructure in historical perspective. Properties of transport costs. Transportation policies. Telecommunications: fiber-optic and satellite systems, the Internet. Regional discrepancies in Internet access. E-commerce: a new logistics revolution. Future impacts of information technologies.

**Quiz # 4 (chapters 6, 10, 11)**

**Midterm #2 take-home exam distributed, due November 10**

**Term paper proposal due Nov. 3**

READ: *Textbook Chapter 9. Lecture notes.*

### Nov. 10, 17 International Trade and Investment

International trade: barter and money. Comparative advantage and competitive advantage of nations. International financial system: internationalization of currencies, banking, and capital markets. Financing international trade. Capital flows and FDI's. Barriers to international trade and investment and reduction of

trade barriers: WTO. Regional economic integration: the European Union, NAFTA, OPEC. Emerging markets. World patterns of trade. Case studies of Germany, Japan, Brazil, China, India, and Russia. Major trade commodity groups.

**Midterm #2 take-home exam due Nov. 10**

**Group project proposals due Nov. 10**

READ: *Textbook Chapters 12-13. Lecture notes.*

Nov. 24      **Development and Underdevelopment in the Changing World**

Economic development indicators: GDP per capita, labor force structure, educational level, health, consumer goods produced, HDI. "Winners and losers": the contours of economic development. Making a living in developed countries: regional inequalities, unemployment, transnationalization of production, problems of migration. Problems of underdevelopment and development strategies: sustainable economic growth and equity in newly industrialized economies; survival and poverty reduction in the least developed countries.

READ: *Textbook Chapter 14. Lecture notes.*

Dec. 1                      **Group Project Presentations**

Dec. 8                      **Cumulative Course Review**

Course summary. Group discussion: challenges, obstacles, reasons for hope and despair. Making the world a better place.

**Quiz # 5 (chapters 12-14)**

**Term paper due December 8**

**Tuesday, December 15      FINAL IN-CLASS EXAM**

Updated August 17, 2009