

## International Economics

*Fall Semester 2010: "Economic Realities of the 21st Century"*

BA 310, 3 units, Thursday 9:00-11:45 am

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Office Hours: Th. 3:15-4:00 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 MNCs, 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 combines elements of economic geography, macro-and microeconomics, and business strategy to analyze global and regional development trends. The course examines various mechanisms and forces that have an impact on development in the globalized world. It will touch upon 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, it will analyze how various nations and regions of the world can achieve economic growth and sustainable development. Much emphasis will be made on the economic challenges of the 21st century including globalization, free trade and isolationism, corporate governance, immigration and outsourcing, energy production and consumption, renewable energy sources and policies, regional dimensions of development and elimination of poverty.

### **Learning Objectives:**

1. to understand the conceptual framework of contemporary economic science
2. to analyze evolving development trends in the world using graphs, diagrams, statistical data, and case studies
3. to develop an educated global vision of the world to assist in making practical managerial decisions

### **Required Textbook:**

Economic Geography: A Contemporary Introduction (2007) by Neil Coe, Philip Kelly, and Henry W. C. Yeung (published by Wiley-Blackwell)

ISBN: 978-1-4051-3219-0

Available from Amazon.com in hardcover new and used in a \$60-\$90 range, also paperback from the publisher for \$47.95

**Additional Resource (optional):**

International Economics, 3rd E (2009) by W. Charles Sawyer and Richard L. Sprinkle  
(published by Pearson Prentice Hall) ISBN: 0136054696

**Grading: 370 points total**

Five quizzes	50 points	Multiple choice, 10 questions each
Two in-class midterms	70 points	Multiple choice, short answers
Final in-class exam	50 points	Multiple choice, short answers
Research Paper	100 points	Selected topic of your choice
Writing Assignment	50 points	Journal article analysis
Group Project (graded individually)	30 points	Details will be discussed in class
Class attendance*	20 points	

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**370 points**

\* **Class participation** means asking appropriate questions and answering questions in class, contributing to classroom discussions and activities. **Lecture attendance is required.**

**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 the Final

Each 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, open-ended questions, and short paragraph answers based on lecture material and readings from your textbook.

Research Paper (5-6 pages)

The research paper involves a comparative analysis of the elements of economic structure or economic activity of your choice (economic resources, economic sectors or subsectors, agents of economy, international trade, etc.) in a particular country or

countries. The research should be original and NOT a copy of your business strategy class paper. You may not use a single company as a topic of your research paper. All secondary information sources, both published and electronic, should be cited properly with a reference list attached.

**Due December 2**

Article Analysis (3-4 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, with emphasis on the analysis.

**Due March 4**

Group Project Presentations, April 29.

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.

All quizzes and tests will be given at the beginning of the class

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

Make-up quizzes can be taken during office hours

There will be no make-up midterms, final exam, or group presentation except for special circumstance reasons

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. 26 #1 Introduction to The World Economy

The basics: what is the world economy? Geographical perspectives on the economy. Poverty and economics. World development problems: environmental constraints, disparities in wealth. Political economies: capitalist economy, command economy, traditional economy. Globalization concept. Globalization of culture, consumption, services, investment. Information technology and globalization. The changing global economic map in the 21st century.

READ:        *Textbook Chapters 1-2. Lecture notes.*

Sep. 2        #2    Dynamics of Economic Space

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. Uneven development. The contradictions of capitalism.

READ:        *Textbook Chapter 3. Lecture notes.*

Sep. 9        #3        Actors in Economic Space : 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. Gendered and ethnic economies.

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

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

Sep. 16      # 4    Spatial Interaction: the Role of Transportation in Economy

Factors determining location decisions of firms: labor, land, capital, skills, technological innovation. The Weberian Model application and limitations. Technology: the engine of change. Does technology eradicate distance? Transportation infrastructure in historical perspective. Linking producers and consumers: the commodity chain approach. The geography of transnational production networks. Telecommunications: fiber-optic and satellite systems, the Internet. Regional discrepancies in Internet access. E-commerce: a new logistics revolution. Future impacts of information technologies.

READ:        *Textbook Chapters 4-5. Lecture notes.*

Sep. 23      # 5    Nature in Economy: Resource Extraction, Agriculture

Types of resources and their limits. Renewable and nonrenewable resources. Nonrenewable mineral resources: location and projected reserves. Resource abundance: blessing or curse? Can nature be a commodity? Incorporating nature: commodification, ownership, and marketization. Increasing food production and the environmental impact of agriculture.

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

READ:        *Textbook Chapter 6. Lecture notes.*

Sep. 30 # 6 Economics of Energy Production, Environmental Change.

**MIDTERM #1**

**Midterm #1 exam (1hr.30 min), lectures 1-5**

Energy: production and consumption, energy options (nuclear, geothermal, solar, wind, biomass, hydropower), energy conservation. Natural resources and geopolitics. Global climate change. Possibilities for sustainable development.

READ: *Lecture notes.*

Oct. 7 #7 Secondary Economic Activities: Manufacturing

The nature of manufacturing and its changing geography. Globalization of manufacturing. Global shifts in different sectors. Flexible manufacturing. Regional restructuring in Europe, North America and East Asia. Who controls the economy: firms or governments? Transnational Corporations: the primary "movers and shapers" of global economy. The basic building blocks of TNCs: chains and networks. Functions of the state in relation to economy. Reconfiguring the state. Relationship between MNCs and states.

**Writing Assignment due October 7**

READ: *Textbook Chapters 7-8. Lecture notes.*

Oct. 14 #8 Tertiary Economic Activities: 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. Labor relations in services. The Financial Services sector.

**Quiz #3 (lectures 6-7)**

READ: *Textbook Chapter 9. Lecture notes.*

Oct. 21 #9 The City as an Economic Node. World Consumption

The rise of the modern city. Urban spatial organization. Metropolis: patterns and problems. Suburbanization and inner-city decline, gentrification. Global cities. Consumption in the historical, geographical, and economic contexts. The changing geographies of consumption. Environmental dimensions of consumption.

READ: *Textbook Chapter 10. Lecture notes.*

Oct. 28 #10 International Trade and Investment: Overview

**MIDTERM #2**

**Midterm #2 exam (1hr.30 min), lectures 6-9**

International trade: introduction. Theories of international trade.

Comparative advantage and competitive advantage of nations. International trade

versus interregional trade. Intra-industry versus inter-industry trade. Barrier to international trade and investment and reduction of trade barriers: WTO. Tariffs and quotas. Regional economic arrangements: the European Union, NAFTA, OPEC. Emerging markets. World patterns of trade.

**Group project proposals due October 28**

READ:      *Lecture notes.*

Nov. 4      #11      Group Project Presentations

**Research paper proposal due November 4**

Nov. 18 # 12 International Transactions and Financial Markets

International financial system: internationalization of currencies, banking, and capital markets. Financing international trade. Capital flows and foreign direct investments. The foreign exchange market: paying for imports and exports. Exchange rates and their determinants: demand and supply factors. International monetary arrangements: the Breton Woods system and the International Monetary Fund, the post-Breton Wood era. Floating and fixed exchange rates. Capital flows to developing countries. The IMF and developing countries.

**Quiz #4 (lectures 8, 9, 10)**

READ:      *Lecture notes.*

Dec. 2      # 13 Development and Underdevelopment in the Changing World,  
Cumulative Course Review

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. Course summary and group discussion: challenges, obstacles, reasons for hope; making the world a better place.

**Quiz # 5 (lectures 12, 13)**

**Research paper due December 2**

READ:      *Lecture notes.*

**Thursday, December 9      FINAL IN-CLASS EXAM**

Updated August 5, 2010