IR 213: The Global Economy
Fall 2012
MW 8:30-9:50AM, WPH B27
Professor: Benjamin Graham Office: SOS B9
Office Hours: Tues 8:30–10AM, Weds 10-11AM, and by appointment
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Syllabus: Version November 12, 2012

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This syllabus will be updated throughout the semester. New versions of the syllabus will always be announced in lecture, and students are responsible for ensuring they have the latest version.
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Course Description
This course provides an introduction to international economics for students of international relations. We address the core puzzle of why poor countries are poor and rich countries are rich, with a focus on international (as opposed to domestic) factors. We cover the economic fundamentals governing the international movement of goods, money, and people, but we also cover the political implications of those flows. We pay attention to the winners and losers created by these flows, and to the policies and institutions that regulate them.

The economic nuts and bolts introduced in this course: comparative advantage, terms of trade, balance of payments, exchange rates, and so forth, are challenging, and the course is demanding. But if you want to save the world, or if you want to get rich, this is the right course to be in.

Readings and Quizzes
The textbook for this course is International Economics by Robert Carbaugh (13th Edition). We will also read a number of articles during the term, all of which will be provided on the course website. (Note: Please buy the correct edition of the book).

The required readings are short – usually 10-20 pages per class – but all students are expected to complete the readings before the class for which they are assigned. There will be a short reading quiz at the beginning of every class for which readings are assigned. The quizzes are short and fairly easy – the intention is simply to enforce the assigned reading.

All students have the opportunity to submit multiple choice quiz questions (question and answers) to the professor based on the readings for a given class. If the question you submit is used in class, you automatically score 111% on the quiz. Questions must be received by 7pm the night before the course meeting in which the quiz will be given.
**Papers**
The course requires two very short papers, each limited to 750 words (about 3 double-spaced pages). The papers will cover core political issues in the course: the first is on trade, the second on migration. Despite their short length, my quality expectations for these papers are very high, and we will have a paper-writing workshop before the first paper is due.

**Homework**
There will be at least 3 homework assignments, which cover the core economic concepts in the course. To learn them, you have to work through them. These homework assignments will be partially completed in section.

**Exams**
For both the midterm and the final, I will distribute a detailed study guide. All questions on the exam will come word-for-word off of the study guide. If you know the answers to everything on the study guide, you will ace the exam. No tricks, no surprises. I encourage students to form study groups and collaborate to develop good answers for each question on the study guide.

**Grading**
Grades for this course will be based on 1) Lecture & section participation (10%), 2) Reading quizzes (10%), 3) Midterm exam (15%), 4) Two Papers (15% each), 5) Homework assignments (15%), and 6) Final Exam (20%).

**Clickers:**
All students in this course are required to purchase a responsecard (i.e. clicker). Students will use the clickers for two purposes: 1) To take reading quizzes and 2) to answer multiple-choice questions during lecture.

While they are convenient for the reading quizzes, the primary purpose of the clickers is to give students a chance to actively participate in the lecture and to check understanding as we proceed through the material. Clicker responses will be used to calculate participation grades for lecture. With the exception of the reading quizzes, I will not deduct points for wrong answers, but students must attempt to answer the questions to receive participation credit.

**Course Webpage and Blackboard**
This syllabus and appropriate links are available on the course webpage at http://dornsife.usc.edu/graham. The slides from lecture will be available on the website. Whenever possible, I will post the slides before class so that students can print them out to take notes directly onto the slides. Reviewing the slides is not a substitute for attending lecture, and the slides will not include all the information covered in lecture, or all the material that will be on the exams.
While I will not use blackboard to post materials, I will use it to post grades, and you will need to use blackboard to register your clicker. (To do so, click on “IR 213” under courses, then use the “Turning Point Registration Tool” under “Tools.”

Statement for Students with Disabilities
Any student requesting academic accommodations based on a disability is required to register with Disability Services and Programs (DSP) each semester. A letter of verification for approved accommodations can be obtained from DSP. Please be sure the letter is delivered to me as early in the semester as possible. DSP is located in STU 301 and is open 8:30 a.m.–5:00 p.m., Monday through Friday. The phone number for DSP is (213) 740-0776.

Statement on Academic Integrity
USC seeks to maintain an optimal learning environment. General principles of academic honesty include the concept of respect for the intellectual property of others, the expectation that individual work will be submitted unless otherwise allowed by an instructor, and the obligations both to protect one’s own academic work from misuse by others as well as to avoid using another’s work as one’s own. All students are expected to understand and abide by these principles. Scampus, the Student Guidebook, contains the Student Conduct Code in Section 11.00, while the recommended sanctions are located in Appendix A: http://www.usc.edu/dept/publications/SCAMPUS/gov/. Students will be referred to the Office of Student Judicial Affairs and Community Standards for further review, should there be any suspicion of academic dishonesty. The Review process can be found at: http://www.usc.edu/student-affairs/SJACS/.
Course Schedule

NUTS AND BOLTS
Monday, August 27
Lecture 1: Introductory Lecture

Wednesday, August 29
Lecture 2: Fundamentals: Supply, Demand, Complements, Substitutes
Reading: Review the information presented at the following website:
http://www.schools.manatee.k12.fl.us/072JGALINDO/supplyanddemand/understanding_supply_and_demand.html

Monday September 3
***Labor Day: No Class***

TRADE
Part I: How Trade Makes Wealth

Wednesday, September 5
Lecture 3: Comparative vs Absolute Advantage
Required Reading: Carbaugh, Chapter 2, pp. 31-42 (stop before “Distributing the Gains from Trade”)

Monday, September 10
Lecture 4: The Terms of Trade: Winners and Losers Between Countries
Required Reading: Carbaugh, pp. 42-45
http://wбро.oxfordjournals.org/content/20/2/145.full.pdf+html

Wednesday, September 12
***Homework 1 Due***
Lecture 5: Sources of Comparative Advantage: Winners and Losers Within Countries
Required Reading: Carbaugh, pp. 69-87
Optional Reading: Carbaugh, pp, 87-109

Monday, September 17
Lecture 6: The Law of One Price and Barriers to Trade
Optional Reading: Chapters 4 & 5
Part II: The Politics of Trade

Wednesday, September 19
Lecture 7: Domestic Politics of Trade: Concentrated vs. Diffuse interests, lobbying, etc
Required reading: Carbaugh, pp. 215-223
Groombridge, “America’s Bittersweet Sugar Policy”

Monday, September 24
Lecture 8: International Politics of Trade: A Little History
Required Reading: Carbaugh, 187-200
Optional Viewing: This is a UC Riverside lecture that covers material I don’t, and in a pretty engaging way. A Brief History of International Trade, by Ryan Petersen
http://www.youtube.com/watch?v=mwEB85eX4R4&playnext=1&list=PL81931CF32FB0D9AE&feature=results_video

Wednesday, September 26
*****Homework 2 Due*****
Lecture 9: International Politics of Trade: Current Debates
Required Reading: Carbaugh, pp. 201-215
Required Reading: NY Times, “Raising Farm Subsidies, U.S. Widens International Rift”

Monday, October 1
Lecture 10: Trade and Development
Required Reading: Carbaugh, pp. 231-249
http://www.springerlink.com/content/n31743t478063442/fulltext.pdf

Wednesday, October 3
Lecture 11: Midterm Review Lecture

Monday, October 8
*****Midterm Exam*****

Wednesday, October 10
Lecture 12: What is money? Also, interest rates and exchange rates
Required Reading:
1. Carbaugh, p. 399,
You don’t need to read the whole entry -- just figure out what the law is, so you can understand the blog post in #5.

Monday, October 15
Lecture 13: Balance of Payments
Required Reading: Carbaugh Chapter 10
Also: NyTimes:

Wednesday, October 17
Lecture 14: The IMF
Required Reading:
1. Read the introduction and section 5.2 of the Wikipedia article on the IMF. Skim the rest of the article.
Optional Reading (very short): Frankel, “Critiques of the IMF”
http://www.hks.harvard.edu/fs/jfrankel/Critiques_of_the_IMF.pdf

Monday, October 22
**Required Listening:** This American Life, episode #455, “Continental Breakup.” There is also a transcript you can download if you prefer.
http://www.thisamericanlife.org/radio-archives/episode/455/continental-breakup

**Required Reading:**
Wednesday, October 25
Lecture 16: Paper Writing Workshop
**Due in Class:** A one-sentence thesis statement for your paper, and a bibliography with at least three sources.

Monday, October 29
******Paper 1 Due******
Lecture 17: Foreign Investment

Wednesday, October 31
Lecture 18: Foreign Investment II
**Required Reading:** Moran, “Toward Best Outcomes From Foreign Direct Investment in Poorly Performing States”
**Optional Reading:** The Economist, “Istanbuls and Bears”
http://www.economist.com/node/21552216
**For Later Reference:** Chapter 9, Carbaugh

Monday, November 5
Lecture 10: Development Strategies
Required Reading: Carbaugh, pp. 255-258
Also: Start reading for Wednesday (its longer than usual, but important)

Wednesday, November 7
Lecture 20: Foreign Aid
**Required Readings:** Sachs, “The Development Challenge” in *Foreign Affairs*
http://heinonline.org/HOL/Page?handle=hein.journals/fora84&div=33&g_sent=1&collection=journals
Easterly, “How to Assess the Need for Aid? The Answer: Don’t Ask”
http://www.ffem.fr/jahia/webdav/site/afd/shared/PUBLICATIONS/RECHERCHE/Archives/Notes-et-documents/29-notes-documents-VA.pdf#page=37

Monday, November 12
Lecture 21: Foreign Aid II
Required Reading: Charles Kenny, “Get an MBA, Save the World,”
http://www.foreignpolicy.com/articles/2012/04/23/get_an_mba_save_the_world?page=0,1

Wednesday, November 14
Lecture 22: The World Bank
Monday, November 19

****Paper 2 Topics Circulated****

Lecture 22: Migration and Development: Winners and Losers From Immigration

**Required Reading:** CGD blog post:
Carbaugh, pp. 331-337
Optional Reading: Michael Clemens, “Economics and Emigration: Trillion-Dollar Bills on the Sidewalk?”

Wednesday, November 21

*****NO CLASS*****

Monday, November 26

Lecture 24: Migration and Development II: Families and Cultures

Required Reading: Millman, “Out of Africa”
http://www.theamericanconservative.com/millman/out-of-africa/

Wednesday, November 28

Lecture 26: Frontiers in the Global Economy

Required Viewing: Paul Romer, The World’s First Charter City?
Required Listening: ”#415 Can a Poor Country Start Over” Planet Money podcast, 11-9-2012. Free to download from itunes or the Planet Money website.

Monday, December 3

*****Paper 2 Due*****

Lecture 27: The Political Economy of War

Required Listening: Planet Money Podcast, “#374: Why is Syria Locked in Endless Conflict?” This can be downloaded for free via either itunes or the Planet Money website.

Optional Reading: Erik Gartzke, “The Capitalist Peace,”

**Note:** Read the sections of this article that outline the argument – you can skim the sections that present the statistical evidence. That means, read everything up until the research design section, skim for awhile, and then read the conclusion.

Wednesday, December 5

Lecture 28: Special Topics By Request and Student Presentations

Monday, December 10

*****Optional Final Review Session*****
Wednesday, December 12
********8:00-10:00 AM FINAL EXAM********