IR 213: The Global Economy
Fall 2015
Lectures: M&W 3:30-4:50, SOS B46
Professor: Benjamin Graham Office: VKC 305
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(Or by appointment)

Syllabus: Version August 16, 2015

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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. The most up to date version will always be on my website.
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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: Other editions of this book will suffice substantively, but page numbers in the syllabus refer to the 13th edition. I selected the 2011 edition to save you money. Online rental of the book through Amazon is $17 and used copies are available for about $45. (The current edition is about $250 and costs $100 just to rent).

The required readings are short – usually 10-20 pages per class or 20 minutes of video or audio – 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 TA based on the readings for a given class. If you submit a usable quiz question, you will automatically receive full credit for 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 response card (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. 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 course materials, 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., Tuesday 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 24
Lecture 1: Introductory Lecture

Wednesday, August 26
Lecture 2: Fundamentals: Supply, Demand, Complements, Substitutes
**Required Reading:** Review the information presented at the following website:
http://www.schools.manatee.k12.fl.us/072JGALINDO/supplyanddemand/understanding_supply_and_demand.html
You may also want to add in “A Deeper Look at the Demand Curve” and “A Deeper Look at the Supply Curve”
The videos are on youtube. https://www.youtube.com/playlist?list=PL-uRhZ_p-BM4XnKSe3BJa23-XKJs_k4KY

**Required Viewing:** “How Ideas Trump Crises”

Monday, August 31
****Guest Lecture****
Lecture 3: Comparative vs. Absolute Advantage
**Required Reading:** Carbaugh, Chapter 2, pp. 31-42 (stop before “Distributing the Gains from Trade”); 53-56.
**Required Viewing:** “Comparative Advantage and the Tragedy of Tasmania”
http://mruniversity.com/courses/everyday-economics/comparative-advantage-and-tragedy-tasmania
**Optional Viewing:** https://www.khanacademy.org/economics-finance-domain/microeconomics/choices-opp-cost-tutorial/gains-from-trade-tutorial

TRADE
Part I: How Trade Makes Wealth
Wednesday, September 2
****Guest Lecture****
Lecture 4: The Terms of Trade: Winners and Losers Between Countries
**Required Reading:**
1. Carbaugh, pp. 42-45
2. Irwin, Douglas (2009 (3rd Edition)) Ch6 Developing Countries and Open Market in Free Trade under Fire. Only pp. 178-193 required (rest of chapter assigned later in the course).

Optional Reading:


NOTE: OFFICE HOURS CANCELLED on Friday, September 4.

Monday, September 7
*****Labor Day – NO CLASS *****

Wednesday, September 9
Lecture 5: Sources of Comparative Advantage: Winners and Losers Within Countries

Required Reading: Carbaugh, pp. 69-87
Optional Reading: Carbaugh, pp. 87-109

http://faculty.chicagobooth.edu/erik.hurst/research/HHJK.pdf?utm_content=buffer6ae7c&utm_source=buffer&utm_medium=twitter&utm_campaign=Buffer

Monday, September 14
***Homework 1 Due***
Lecture 6: The Law of One Price and Barriers to Trade
Optional Reading: Chapters 4 & 5

Part II: The Politics of Trade
Wednesday, September 16
Lecture 7: Domestic Politics of Trade: Concentrated vs. Diffuse interests, lobbying, etc

**Required reading:**
1. Carbaugh, pp. 215-223
3. “France moves to placate farmers with more aid”

**Optional reading:**
1. “Why are Unions so Focused on Fighting Trade Deals”
2. Irwin, Douglas (2009 (3rd Edition)) Ch6 Developing Countries and Open Market in Free Trade under Fire. pp. 200-204

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Monday, September 21
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=PL81931CF32FB0D9AF&feature=results_video

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Wednesday, September 23
Lecture 9: International Politics of Trade: Current Debates

**Required Reading:** Carbaugh, pp. 201-215

**Optional Viewing:** Planet Money Makes a T-Shirt

[http://apps.npr.org/tshirt/#/title](http://apps.npr.org/tshirt/#/title)

**Optional Reading:**
1. Labor Standards & Trade Agreements Irwin, Chapter 6, pp. 204-218. (First half of the chapter assigned September 2nd).

2. "Reshoring’ Trend Has Little Impact On U.S. Economy, Study Finds"

2. Economist (2015) TPP, RIP?


Monday, September 28
*****Homework 2 Due*****
Lecture 10: Trade and Development
**Required Reading:**
1. Carbaugh, pp. 231-249
2. Re-skim the first half of Chapter 6 from Irwin (assigned September 2\textsuperscript{nd}).

**Optional Reading (Fair Trade Movement):**
1. Economist (2014) Good thing, or bad? 


Wednesday, September 30
Lecture 11: How to Write a Paper & Midterm Review

Monday, October 5
*****Midterm Exam*****

Wednesday, October 7
Lecture 12: Foreign Investment
**Required Reading:** Friedman, Except from The Lexus and the Olive Tree, 

Monday, October 12
Lecture 13: Foreign Investment II
**Required Reading:**

**Optional Reading:**
1. The Economist, “Istanbuls and Bears”
http://www.economist.com/node/21552216

2. Quantitative Easing and Capital Flows to Emerging Markets
http://econbrowser.com/archives/2014/01/guest_contribut_41

3. Why Foreign Direct Investment Still Polarizes India

For Later Reference: Chapter 9, Carbaugh

Wednesday, October 14
Lecture 14: What is money? Also, interest rates and exchange rates
Required Reading (many articles, but all very short):
1. Carbaugh, p. 399 “How to Play the Falling (Rising) Dollar”
2. “What a Stronger Dollar Means for the Economy”:
3. NYTimes: Clashes and Protest in Iran As Currency Plunges
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 19
Lecture 15: Paper Writing Workshop
Due in Class: A one-sentence thesis statement for your paper, and a bibliography with at least three sources.

Wednesday, October 21
Lecture 16: Balance of Payments
Required Reading:
1. Carbaugh Chapter 10
2. NYTimes: As the U.S. Borrows, Who Lends?
**Optional Readings:**
1. Economist (2014) Tourism and the trade balance A number of great import

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Monday, October 26

******Paper 1 Due******

**Lecture 17: The IMF**

**Required Reading:**
1. Read the introduction and section 5.1 of the Wikipedia article on the IMF. Skim the rest of the article.

**Required Viewing** Watch the three videos at the link (one each on surveillance, technical assistance, and lending)
   [http://www.imf.org/external/about/ourwork.htm](http://www.imf.org/external/about/ourwork.htm)

**Optional Reading (short):** Frankel, “Critiques of the IMF”
   [http://www.hks.harvard.edu/fs/jfrankel/Critiques_of_the_IMF.pdf](http://www.hks.harvard.edu/fs/jfrankel/Critiques_of_the_IMF.pdf)

**Optional Reading (short):** Jerven: “What does Nigeria’s new GDP number actually mean?”

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Wednesday, October 28


**Required Reading:**
“A Good Look at the Thai Financial Crisis in 1997-1998”

**Optional Listening:** This American Life, episode #455, “Continental Breakup.” There is also a transcript you can download if you prefer.

**Optional Reading:**
1. Economist (2015) Greece signs up to a painful, humiliating agreement with Europe

2. A Set of Economist summaries on the Greek Crisis.

https://www.foreignaffairs.com/articles/greece/2015-06-30/no-exit

Monday, November 2
Lecture 19: Development Strategies
Required Reading: Carbaugh, pp. 255-258
Also: Start reading for Thursday (Thursday readings are longer than usual, but important)

Wednesday, November 4
Lecture 20: Foreign Aid

**Required Readings:**
1. Sachs, “The Development Challenge” in *Foreign Affairs*
   http://heinonline.org/HOL/Page?handle=hein.journals/fora84&div=3&s_ent=1&collection=journals

2. Easterly, “How to Assess the Need for Aid? The Answer: Don’t Ask”
   http://www.ffem.fr/jahia/webdav/site/afd/shared/PUBLICATIONS/RECHERCHES/Archives/Notes-et-documents/29-notes-documents-VA.pdf#page=37

3. Dambisa Moyo, “Why Foreign Aid is Hurting Africa”
   http://online.wsj.com/article/SB123758895999200083.html#articleTabs%3Darticle

Monday, November 9
Lecture 21: Foreign Aid II

**Required Reading:**
1. Charles Kenny, “Get an MBA, Save the World,”

2. Sean Parker “Philanthropy for Hackers”
   http://www.wsj.com/articles/sean-parker-philanthropy-for-hackers-1435345787


Wednesday, November 11
Lecture 22: The World Bank

**Required Reading:**
2. U.S. Opposing China’s Answer to World Bank

Monday, November 16
Lecture 23: Migration and Development: Winners and Losers From Immigration
**Required Reading:**
1. Vox article on open borders.
2. Carbaugh, pp. 331-337

**Optional Reading:**

**Optional Viewing:** Is There a Brain Drain?
http://mruniversity.com/courses/development-economics/there-brain-drain

Wednesday, November 18
Lecture 24: Migration and Development II
**Required Reading:**
1. Accepting Migrants but Not Offering Rights:
   http://www.newrepublic.com/article/120179/how-reduce-global-income-inequality-open-immigration-policies

Monday, November 23
Lecture 25: Frontiers in the Global Economy

**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.

**Optional Reading:**
1. “Robot makers turn to technology industry as next world to conquer”
   http://www.ft.com/intl/cms/s/0/1ff23f0a-ed5e-11e3-8a1e-00144feabdc0.html?siteedition=intl#axzz34Gdl1fSk
Wednesday, November 25
******THANKSGIVING TOMORROW NO CLASS************

Monday, November 30
Lecture 26: Special Topics: Economic Inequality
   **Required Reading:**
   1. How Much Money Could a Land Value Tax Raise?
      http://www.slate.com/blogs/moneybox/2013/10/17/land_value_tax_revenue_how_much_can_we_raise_by_taking_unimproved_land.html
   2. “And the Richest Countries in the World 2040 Are…”
   *****Paper 2 Due*****

Wednesday, December 2
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.

FINAL EXAM Monday, December 14th, 2-4pm