

Brandeis University  
Department of Economics

ECONOMICS 28B  
THE GLOBAL ECONOMY

**SYLLABUS**

Summer 2018

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**\*Note:** This course resembles very closely the course taught during the academic year by Prof. Scott A. Redenius under the same name. For consistency, I am borrowing his syllabus (with minor changes) to teach this course.

**COURSE SUMMARY**

This course studies 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.

**Required Materials:**

The required text for this class is 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:**

20% Problem Sets (approx. 4)	Weekly
20% Midterm Exam	July 21 <sup>st</sup> - First Half of Class
10% Quiz	July 28 <sup>th</sup> - 45 mins before the end of class
30% Final Exam	August 7 <sup>th</sup> , 9am-12noon in Lemberg 55
20% Participation	

**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 midterm will be given during the first half of the class on the date listed above. The quiz will be given 45 minutes before the end of class during the specified date above. The final exam will be scheduled by the registrar. Exam & quiz dates are subject to change at the discretion of the instructor.

**Problem Sets:** Homework assignments and due dates will be posted on LATTE and they should be turned in at the beginning of class 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*.

**"Extra-credit" assignments:** Please note that I will not give any "extra-credit" assignments.

**Attendance & Participation:** Class attendance is required and participation is strongly encouraged since you will be graded on it.

**Excused absences:** If there is an emergency in your family or you experience significant health problems during the semester, please contact your advisor in Academic Services. Your advisor will then inform me, along with your other professors. At an appropriate time, we will then determine what to do about the work you missed.

**Devices:** The use of devices is limited to class-related activities (such as viewing the lecture slides, taking notes, or looking up materials related to the course). Please refrain from using your devices for email, texting, chatting, games, social media, or any other activities not related to class.

**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. I am not reachable to students through phone/voicemail or social media.

**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**

Introduction and Course Organization ch. 1

1. The Theory of International Trade
  - 1.1 The Supply and Demand Model ch. 2
  - 1.2 Transportation Costs
  - 1.3 Comparative Advantage ch. 3 & pp. 49-62
  - 1.4 The Heckscher-Ohlin Model and Extensions pp. 62-64 & ch. 5
  - 1.5 New Trade Theory ch. 6
  - 1.6 Trade and Economic Development ch. 7
  - 1.7 The Future of Trade and the Effects of Globalization
  
2. Trade Policy
  - 2.1 Tariffs ch. 8
  - 2.2 Nontariff Barriers to Trade ch. 9
  - 2.3 Arguments For and Against Trade Protection ch. 10
  - 2.4 Dumping and Export Subsidies ch. 11
  - 2.5 Trade Blocs pp. 259-274
  - 2.6 Trade Sanctions (time permitting) pp. 274-279
  
3. International Factor Movements
  - 3.1 Capital and Technology Flows pp. 343-363, 513-516
  - 3.2 Migration pp. 363-374
  
4. Understanding Foreign Exchange
  - 4.1 The Balance of Payments ch. 16 & Appendix E
  - 4.2 The Foreign Exchange Market ch. 17
  - 4.3 What Determines Exchange Rates? chs. 18 & 19
  - 4.4 Government Policies toward the Forex Market ch. 20 & pp. 652-660
  - 4.5 International Lending and Financial Crises ch. 21