

## The Summer Institute--Global Economy Summer 2023

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### Course Description

The world's economies have become much more integrated over time. This course is designed to introduce students to basic facts about the operation of the world economy, with particular focus on current issues confronting economies of various countries. The course will discuss the role of international organizations such as the World Bank and the International Monetary Fund, and it will focus on major challenges facing policy makers, such as global income inequality.

It should be noted, however, that this course is designed for the economics novice. As such, much time will be spent investigating some basic economic tools and terminology before moving on to discussions concerning the global economy.

### Course Objectives

The student should be able to:

1. Understand and apply the concepts of supply and demand
2. Define the concepts of resources and wants and relate them to scarcity and opportunity Costs.
3. Identify the production possibility curve and use it to measure opportunity costs.
4. Understand and describe the concepts and measurement of gross domestic product, unemployment and inflation.
5. Understand and describe the concepts of absolute advantage and comparative advantage.
6. Understand and describe the concepts of balance of payments and its components, as well as the determinants of exchange rates.
7. Identify the benefits and costs of free trade.
8. Define globalization and understand its history.
9. Understand the roles of international trading arrangements (e.g., the North American Free Trade Act, the General Agreement on Tariffs and Trade) and the functions of international organizations (e.g., the International Monetary Fund, the World Bank and the World Trade Organization).
10. Understand the determinants of exchange rates.

### Text/Materials

*The Global Economy*, 3<sup>rd</sup> Edition, by Paul Kagundu and Glenwood Ross, will be our primary textbook. Additional readings (when necessary) will be made available via *iCollege* ([iCollege.gsu.edu](http://iCollege.gsu.edu)). A calculator is recommended. Access to a computer and the internet is required. On *iCollege*, I will post assignment information, supplementary readings, etc. You can also use the system to check your grades. You are responsible for checking *iCollege* regularly.

## **Grade Distribution**

### ***Attendance and Participation: (20%)***

Broad and active participation is crucial, and everyone should take part every class session, including lectures and other planned events. Given the short duration of the course, attendance is essential for doing well in the course. At a minimum, the well-prepared student comes to class equipped with the knowledge and insightful questions to further everyone's discussion and knowledge.

### ***In-Class Quizzes: (50%)***

Top 5 of 6 will count towards grade.

### ***Group PPT Assignment: (30%)***

## **Group PowerPoint Globalization Assignment**

### **Assignment Overview**

Globalization describes a process by which economies of the world are becoming increasingly integrated; societies and cultures are increasingly interconnected; and governments are increasingly interdependent. This assignment requires you to explore the economic, social, and political dimensions of globalization in your assigned country.

This assignment should be divided into two parts:

1. The first part should be a general overview. The overview should include a brief section on the people, geography, economy and government (see below for details).
2. The second part should focus on various aspects of globalization in your country of interest.

You are required to properly source your reference materials.

### **Further Details and Clarifications of the Overview**

**Historical Background Section--** This section should briefly discuss the country's colonial past and it should note the date of independence.

**People--** Discuss population size, life expectancy, language and literacy.

**Geography--** This section should mention the location, size, climate and terrain of your country. Mention should also be made of the major cities and ports (if any).

Are there any unique geographic features (i.e. mountains, rivers, deserts, etc.)?

**Economy--** Be sure to address the size of the economy (i.e. GDP, GDP per capita, rank in the world economy) and discuss major exports and imports. Mention major sources and destinations for trade. Consider the following questions as well: What is the country's currency? Has the currency appreciated/depreciated against the dollar?

**Government--** What kind of government does the country have? Is it a democracy, socialist or some other kind of government? What's the capital? Who is the head of government? How long has he/she been in office? When are elections held (if any)?

### Possible Sources of Information

Information for this assignment can be obtained from a wide variety of sources, including internet sources such as those for the World Bank and foreign government sites. In addition, periodical sources such as *The Economist*, *New York Times* and *National Geographic* can provide valuable current information.

### One Last Note

Get an early start with this project and be sure to source your references. Please email me if you have questions.

### Grade Scale

Letter Grade	Numeric Grade	GPA Quality Points
A+	96 - 100	4.3
A	93 ± 95	4.0
A-	90 ± 92	3.7
B+	87 ± 89	3.3
B	83 ± 86	3.0
B-	80 ± 82	2.7
C+	77 ± 79	2.3
C	73 ± 76	2.0
C-	70 ± 72	1.7
D	60 ± 69	1.0
F	<60	0.0

### Extra Credit

No extra credit projects are available under any circumstances.

### **Attendance Policy**

Attendance is mandatory.

If you do miss a class, it is your responsibility to find out what you missed, including new assignments, etc.

### **Policy on Academic Honesty**

All students are responsible for knowing and adhering to GSU's Policy on Academic Honesty<sup>1</sup> as published in On Campus: The Undergraduate Co-Curricular Affairs Handbook. An incident of academic dishonesty (cheating on a test, plagiarizing, etc.) will result in an automatic **F** for the course.

### **Disruptive Student Conduct**

All forms of disruptive behavior should be avoided. Disruptive student behavior as defined by the Student Code of Conduct includes but is not limited to: <sup>3</sup>verbal or physical threats, repeated obscenities, unreasonable interference with class discussion, making/receiving personal phone calls, text messages or pages during class, excessive tardiness, leaving and entering class frequently in the absence of notice to instructor of illness or other extenuating circumstances, and persisting in disruptive personal conversations with other class members. **Please ensure that all potentially noise-making equipment (cellular phones, pagers, laptop computers, etc.) are turned off during lectures.** Furthermore, be sure to get to class on time. Entering class during the lecture is disruptive to the instructor and to the students.

Refer to Georgia State University policy on disruptive student conduct (under the Georgia State University Student Code of Conduct and Policies).<sup>2</sup>

## **Class Schedule**

**NOTE: Some deviation from the schedule may be necessary. If so, they will be announced in class.**

### **Week 1**

#### **Class Orientation**

#### **Chapter 1: Introduction: Key Concepts and Principles in Economics**

Economics Defined, Marginalism and Opportunity Cost, The Role of Incentives, The Scope of Economics, Positive and Normative Economics, Pitfalls and Hazards, Why Study Economics? Why Study the Global Economy?

#### **Chapter 6: Globalization: Definition and Measures**

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<sup>1</sup> See [http://www2.gsu.edu/~wwwdos/codeofconduct\\_conpol.html](http://www2.gsu.edu/~wwwdos/codeofconduct_conpol.html)

<sup>2</sup> See [http://www2.gsu.edu/~wwwdos/codeofconduct\\_adminpol\\_a.html](http://www2.gsu.edu/~wwwdos/codeofconduct_adminpol_a.html).

Globalization Defined, Measuring Globalization, Measuring the Social Dimension of Globalization, Measuring the Political Dimension of Globalization

## **Week 2**

### **Chapter 6: Globalization: Definition and Measures (Continued)**

**Posted Reading:** <sup>3</sup>Broadening the Debate: The Pros and Cons of GlobalizatLRQ´ by Joyce Osland

Globalization Defined, Measuring Globalization, Measuring the Social Dimension of Globalization, Measuring the Political Dimension of Globalization

### **Chapter 7: Globalization: Some Major Agents**

The IMF, the World Bank, the GATT and the WTO, Multinational Enterprises

## **QUIZ 1**

### **Chapter 2: Supply and Demand**

Markets, Demand, Individual Demand versus Market Demand, Demand-Side Shift Factors, Supply, Firm Supply versus Market Supply, Supply-Side Shift Factors, Supply and Demand Together, Consumer and Producer Surplus, Making Predictions Using Supply and Demand, Global Equilibrium, Exports and Imports

## **QUIZ 2**

### **Chapter 3: Gross Domestic Product: A Measure of Economic Output**

Gross Domestic Product, Market Value, Final Goods and Services, GDP versus GNP, Measuring GDP, International Comparison of GDP, GDP Per Capita, Real versus Nominal GDP, GDP Deflator

**National Center for Civil and Human Rights Center Field Trip** (Date yet to be Finalized)

## **Week 3**

### **Chapter 3: Gross Domestic Product: A Measure of Economic Output (Continued)**

## **QUIZ 3**

### **Chapter 4: Measuring the Cost of Living: Inflation**

Price Indexes, Calculating the Rate of Inflation, Causes of Inflation, Why Are We Concerned With Inflation?

### **Chapter 5: Production Possibilities and the Rationale for Trade**

Production Possibilities, Opportunity Cost and the PPF, Efficiency and the PPF, Economic Growth, Sources of

Economic Growth, Absolute Advantage, Comparative Advantage and Trade

## **QUIZ 4**

**Chapter 5:** Production Possibilities and the Rationale for Trade (Continued)

**Atlanta Monetary Museum Field Trip** (Date yet to be Finalized)

## **Week 4**

**Chapter 8:** Global Trade in Goods and Services

Trade in the Global Economy, the Biggest Traders, Bilateral Trade of the United States, Who Trades with Whom? Changing Patterns and Composition of Trade

## **QUIZ 5**

**Chapter 9:** Regulating International Trade

Tariffs, Nontariff Trade Regulations, Import Quotas, VERs, Export Subsidies, Local Content Requirements

**Chapter 12:** Foreign Exchange Markets and Exchange Rates

Global Foreign Exchange Turnover, Major Participants in the Foreign Exchange Market, Exchange Rates, Cross Exchange Rates, Purchasing Power Parity and Exchange Rates, Exchange Rate Determination

## **QUIZ 6**

**Group PowerPoint Presentations**