

**STATE UNIVERSITY OF NEW YORK
COLLEGE OF TECHNOLOGY
CANTON, NEW YORK**



MASTER SYLLABUS

ECON 315 – Global Economy

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**SCHOOL OF BUSINESS AND LIBERAL ARTS
BUSINESS
SPRING 2019**

- A. **TITLE:** Global Economy
- B. **COURSE NUMBER:** ECON 315
- C. **CREDIT HOURS:** 3
- D. **WRITING INTENSIVE COURSE:** No
- E. **GER CATEGORY:** 6
- F. **SEMESTER(S) OFFERED:** Fall and Spring
- G. **COURSE DESCRIPTION:**

Students examine the historical development of the global economy and the increasing interdependence of economies, governments, and public policy. Economic theories in international trade, finance and monetary policy are explored within the context of globalization. Contemporary global economic issues such as the environment, income distribution, and development are analyzed using case studies from various nations.

H. **PRE-REQUISITES/CO-REQUISITES:**

- a. Pre-requisite(s): Principles of Microeconomics (ECON 103) or permission of instructor.
- b. Co-requisite(s):
- c. Pre- or co-requisite(s):

<u>STUDENT LEARNING OUTCOMES: Course Student Learning Outcome [SLO]</u>	<u>PSLO</u>	<u>GER</u>	<u>ISLO</u>
1. Explain the principle and sources of comparative advantage			Communication Skills Written [W]
2. Analyze the impacts of major instruments of trade policy on trade between countries			Industry, Professional, Discipline Specific Knowledge and Skills
3. Examine the role international trade plays in economic development			Critical Thinking <i>Critical Analysis [CA]</i>
4. Explain the balance of payment accounts			Communication Skills Written [W]
5. Analyze foreign exchange markets			Industry, Professional, Discipline Specific Knowledge and Skills
6. Describe the history, institutions, economy, society, culture of a non Western country in a research paper		6	Social Responsibility <i>Global Learning [GL]</i>

KEY	<u>Institutional Student Learning Outcomes [ISLO 1 – 5]</u>
ISLO #	ISLO & Subsets
1	Communication Skills Oral [O], Written [W]
2	Critical Thinking <i>Critical Analysis [CA], Inquiry & Analysis [IA], Problem Solving [PS]</i>
3	Foundational Skills <i>Information Management [IM], Quantitative Lit./Reasoning [QTR]</i>
4	Social Responsibility <i>Ethical Reasoning [ER], Global Learning [GL], Intercultural Knowledge [IK], Teamwork [T]</i>
5	Industry, Professional, Discipline Specific Knowledge and Skills

J. **APPLIED LEARNING COMPONENT:** Yes _____ No X _____

K. **TEXTS:**

Robert J. Carbaugh, International Economics, 15th edition, South-Western Cengage Learning 2015.

L. **REFERENCES:**

Commanding Heights, The Battle for the World Economy: by Daniel Yergin and Joseph Stanislaw.

Globalization and Its Discontents by Joseph Stiglitz.

M. **EQUIPMENT:** Technology enhanced classroom

N. **GRADING METHOD:** A – F

O. **SUGGESTED MEASUREMENT CRITERIA/METHODS:**

As per instructor

P. **DETAILED COURSE OUTLINE:**

I. Introduction to the Global Economy

A. Globalization of Markets

B. Analysis of Global Market with Supply and Demand

C. Consumer and Producer Surplus in the Global Market

II. International Trade

A. Production Possibilities and Opportunity Costs

B. Absolute Advantage

C. Comparative Advantage

1. Factor Proportions Explanation of International Trade

2. Heckscher-Ohlin Theorem and Trade
 3. Implications of Factor Proportions Model on Global Factor Prices and Income
 - D. International Production and Comparative Advantage
 1. Outsourcing
 2. Kaleidoscopic Comparative Advantage
 - E. Economic Growth and Trade Patterns
 1. Rybczynski Theorem
 - F. Regulating Trade
 1. Tax Incidence
 2. Tariffs
 - a. Effects of a Tariff in a Small Country
 - b. Effects of a Tariff in a Large Country
 3. Quotas
 - a. effects of Quotas in a Small Country
 - b. effects of Quotas in a Large Country
 4. Voluntary Export Restraints
 5. Export Subsidies and Countervailing Duties
 - G. Cost of Trade Barriers
 - H. Regionalism and Multilateralism
 1. Regional Trade Agreements
 2. Differences Between Free Trade Arrangements and Preferential Trade Agreements
 3. Differences Between Custom Unions and Common Markets
 4. Differences Between Multilateral and Regional Trade Arrangements
- III. Fundamentals of International Finance in Economics
- A. Balance of Payments Accounts
 1. Current Account
 2. Capital Account
 3. Official Settlements Balance
 - B. Foreign Exchange Markets
 1. Supply and Demand Analysis in the Foreign Exchange Markets
 - C. Foreign Exchange Derivative
 - D. Exchange-Rate Systems
 1. Gold Standard as an Exchange-Rate System
 2. Bretton Woods System of Pegged Exchange Rates
 3. Post-Bretton Woods System of Flexible Exchange Rates
 4. Crawling-Peg and Basket-Peg Exchange-Rate Systems
 5. Currency Board or Independent Currency Authority and Dollarization
 6. Fixed Versus Flexible Exchange-Rate Arrangements
 - E. Arbitrage
 1. Absolute Purchasing Power Parity and the Value of the Real Exchange Rate
 2. Relative Purchasing Power Parity as a Guide to Movements in Exchange Rates
 3. Covered and Uncovered Interest Parity
 4. Adaptive Versus Rational Expectations
 5. Efficient-Markets Hypothesis and Foreign Exchange Market Efficiency
 6. Conditions for Real Interest Parity
 7. Real Interest Parity as an Indicator of Inter-national Integration

IV. Global Money and Banking

- A. Role of Central Banks
 - 1. Government Bank
 - 2. Bankers= Bank
 - 3. Monetary Policymakers
- A. Measuring National Output and Price Level
 - 1. GDP
 - 2. Price Index
- B. Determining Equilibrium Output and Price Level
 - 1. Aggregate Demand and Supply
- C. Monetary Policy and Its Impact on Interest Rates
 - 1. Balance Sheet of a Bank
 - 2. Tools of Monetary Policy
- D. Monetary Policy and Its Impact on GDP and Inflation
- E. Central Bank Intervention on Foreign Exchange Markets
 - 1. Sterilization
- F. Effectiveness of Foreign Exchange Intervention
 - 1. Portfolio Balance and Announcement Effects
 - 2. Cost and Benefits of Foreign Exchange Intervention

V. Contemporary Global Economic Issues and Policies

Note: Section A to Section I must be covered in the course. The remaining sections are suggested topics that a faculty member may wish to include depending upon current news items.

- A. International Trade and Wages
- B. International Wage Differentials
- C. Mobility of Labor and Capital in Determining International Distribution on Earnings
- D. Gross National Labor and Capital Flows
- E. International Trade and Economic Development
 - 1. Stimulating Growth: Openness or Protectionism
 - 2. Capital Flows and Developing Nations
- F. Protecting the Environment in a Global Economy
 - 1. Public Good Aspect of the Global Environment
 - 2. Alternative Approaches to Protecting the Environment
- G. International Policy Cooperation and Coordination
 - 1. Advantages and Disadvantages
- H. Optimal Currency Areas and Monetary Unions
- I. Globalization and Social Changes
- J. Role of Economics of Scale in Explaining a Nation's Specialization in Inter-Industry Trade
- K. Role of Economies of Scale and Product Variety in Explaining Intra-Industry Trade
- L. Foreign Direct Investment Impact on International Trading Patterns
- M. Industry Structure and the Global Economy
 - 1. Perfect Competition
 - 2. Monopolistic Competition
 - 3. Oligopoly
 - 4. Monopoly

- N. Explaining Why Firms Merge Across National Borders
- O. Complications in Measuring Market Concentration with International Market Linkages
- P. Regulating International Mergers and Acquisitions
- Q. Protection for Consumers in a Global Economy
 - 1. Rationale for Consumer Protection
 - a. asymmetric information
 - b. adverse selection
 - c. moral hazard
 - 2. Opposing Views of Government's Role in Safe-guarding Consumers
- R. Protection for Intellectual Property Rights in a Global Economy
- S. International Externalities
 - 1. Externality
 - 2. Global Public Goods
 - 3. Role of Multinational Institutions
- T. Funding the Public Sector
 - 1. Globalization and International Tax Competition
- U. Policy Goals in Open Economics
 - 1. Internal Goals
 - 2. External Goals
- V. Rule Versus Discretion in Economic Policymaking
 - 1. Time Lages in Discretionary Policy
- W. Structural Interdependence and International Policy Externalities

Q. **LABORATORY OUTLINE:** N/A