

# ECON 25: THE GLOBAL ECONOMY

## Foothill College Course Outline of Record

Heading	Value
Effective Term:	Summer 2021
Units:	4
Hours:	4 lecture per week (48 total per quarter)
Advisory:	ECON 1A and 1B.
Degree & Credit Status:	Degree-Applicable Credit Course
Foothill GE:	Area IV: Social & Behavioral Sciences
Transferable:	CSU/UC
Grade Type:	Letter Grade (Request for Pass/No Pass)
Repeatability:	Not Repeatable

## Student Learning Outcomes

- Employ economic models to illustrate the benefits of free trade.
- Assess the relative merits of protectionist arguments.
- Analyze shocks to the foreign exchange market using a supply and demand diagram.

## Description

Analysis of increasing economic integration in the post-WW II era with a focus on international trade and investment. Introduction to international economic organizations such as the WTO and IMF.

## Course Objectives

The student will be able to:

- Graphically illustrate and explain comparative advantage.
- Graphically illustrate tariffs and quotas in the supply and demand model.
- Critically assess the motivations for protectionism.
- Analyze exchange rate adjustments employing the supply and demand model.
- Evaluate balance of payment transactions and accounting.
- Examine the origins of a balance of payments crisis.
- Critically assess the role and controversies surrounding the International Monetary Fund and the World Trade Organization.
- Compare and contrast contending views on global economic relations.

## Course Content

- Comparative Advantage
  - Economic resources
  - Ricardian Production Possibilities Frontier
  - Opportunity cost
  - Gains from trade
  - Terms of trade
- Protectionism
  - Supply and demand
  - Consumer and producer surplus
  - Tariffs
  - Quotas

- Agricultural subsidies
  - Other non-tariff barriers
  - Infant industry
  - Labor concerns and trade
  - Environmental concerns and trade
- WTO
    - History
    - Controversies
  - Exchange Rates
    - The foreign exchange market
    - Floating exchange rates
    - Fixed exchange rates
    - Floating pegs
    - Dollarization
    - Currency speculation
    - Sterilized intervention
    - Optimal Currency Areas
    - The Euro
  - Balance of Payment Accounting
    - Current account transactions
    - Capital account transactions
    - Official reserves transactions
    - BOP imbalances
  - IMF
    - History
    - Currency crises
    - Controversies

## Lab Content

Not applicable.

## Special Facilities and/or Equipment

When taught as an online distance learning section, students and faculty need ongoing and continuous internet and email access.

## Method(s) of Evaluation

Multiple choice examinations  
Written response examinations  
Class participation/presentation

## Method(s) of Instruction

Lecture  
Class discussion  
Presentations

## Representative Text(s) and Other Materials

Carbaugh, Robert. [International Economics, 17th ed.](#) 2018.

Roberts, Russell. [The Choice: A Fable of Free Trade and Protection, 3rd ed.](#) 2006.

Although the Roberts text is older than the suggested "5 years or newer" standard, it remains a seminal text in this area of study.

## **Types and/or Examples of Required Reading, Writing, and Outside of Class Assignments**

A. Presentations - each student will present to the class on an instructor-approved topic

B. Article summaries

## **Discipline(s)**

Economics