



DEPARTMENT OF ECONOMICS

ECON206: The World Economy (18 Points)

Semester 2 2024

1. COURSE DESCRIPTION

Since the beginnings of modern capitalism in the 18th century, the history of economic thought has developed in the context of a rapidly changing world economy. The role of profit and power in this history can shed light on some of today's most pressing issues. This paper explores the origins of the neoclassical economic theory covered in BSNS 113, how it came to dominate competing schools of thought, and relates this outcome to issues affecting the world economy today. More specifically, we examine historical economic debates and the context that animated them, as well as their implications for major current issues affecting the world today. Topics covered are arranged into two main sections: i) history of economic thought and ii) issues in international trade relations.

Prerequisites. BSNS113; or consent of the instructor.

Lectures. Three hours per week: See eVision for meeting times and locations.

2. LEARNING AIMS AND OBJECTIVES

Students who successfully complete this paper should have:

- A critical perspective on current and historical schools of thought in economics
- A general understanding of international trade relations
- Knowledge and appreciation of applying general micro- and macro- economic principles and theory in evaluating behaviour and interactions in our world of growing economic integration
- Learned to analyse current issues and policy debates in this area and be able to assess and critique international trade policies.

3. TOPICS LIST

A tentative list of topics to be covered is given below. Actual topics covered may vary, owing to both student interest and time constraints.

- (1) Introduction: political economy, economics, and history
- (2) The End of Feudalism: Adam Smith on mercantilism (bad!) and the birth of market society (good!)
- (3) The Industrial Revolution: Malthus, Ricardo, and Marx give voice to early concerns
- (4) The Neoclassical Revolution: Marshall births modern microeconomics, Veblen responds with mockery
- (5) From Micro to Macro: Keynes births modern macroeconomics, FDR uses consumer therapy to cure depression
- (6) The Chicago School: Milton Friedman has policy recommendations, New Zealand gives them a go
- (7) Globalisation: what? why? and where to next?
- (8) Classical Models of International Trade: how Smith and Ricardo changed the game of international trade
- (9) Sources of Comparative Advantage: the tale of the Heckscher-Ohlin model and the wave of theories it inspired
- (10) International Factor Movements: labour migration and multinational corporations—the good, the bad, and the ugly
- (11) Gains from Free Trade: if there's so much to gain, why might a country still impose trade barriers?
- (12) Tariffs and Nontariff Barriers to Trade: how the World Trade Organization continues to reshape modern trade policy
- (13) Preferential Trade Agreements: a topic dedicated to one of the most interesting trade experiments ever—the European Union

4. TEXTBOOKS AND OTHER READINGS

The following two books are essential. Both will be made available on reserve for 2-hour loan at Central Library, but students may wish to consider purchasing a copy of their own:

- (1) Heilbroner, Robert L. (1999) *The Worldly Philosophers: The Lives, Times and Ideas of the Great Economic Thinkers*, 7th ed., Touchstone.
- (2) Husted, S. and Melvin, M. (2013) *International Economics (International Edition)*, 9th ed., Pearson.

The following text is recommended, and will also be available on reserve in Central Library:

- (3) Goodwin, Michael (2012) *Economix : how our economy works (and doesn't work) in words and pictures*, New York : Abrams ComicArts

Other readings will be made available via Blackboard. Specific reading assignments will be given as the semester progresses.

5. COURSE STAFF

Course Coordinator and Lecturer

Associate Professor Trent Smith
Room 617, 6th Floor, Otago Business School
e-mail: trent.smith@otago.ac.nz
Office hours: Monday/Wednesday 4:00–5:00pm

Lecturer

Aleisha Lord
Otago Business School (please ask at 6th floor reception)
e-mail: aleisha.lord@otago.ac.nz
Office hours: TBA

Reception

Janet Bryant
Room 601A, 6th Floor, Otago Business School
Office hours: 11.00am–12.00pm and 2.00–3.00pm daily,
unless otherwise advised

If you are missing copies of handouts or other course materials, please download these from Blackboard.

6. NOTICES & BLACKBOARD

The Department of Economics is housed on the 6th Floor of the Otago Business School.

Administrative notices and assignments will be posted on Blackboard: <http://blackboard.otago.ac.nz> (enter your username & password). Slides will also be posted on Blackboard when available. Blackboard allows us to e-mail the whole class. As such, e-mails will be sent to your student e-mail address, so it is important that you check your student e-mail regularly. If you have any difficulties using Blackboard, contact the ITS Library Helpdesk on 479 8888 or e-mail helpdesk@otago.ac.nz.

7. CLASS REPRESENTATIVES

One or more Class Reps will be chosen from among the students enrolled in the class sometime during the 1st week of lectures. Class Reps are able to discuss problems with you and, if you wish, take them on your behalf to the lecturer or to the Head of Department.

8. WORKLOAD

You should plan to devote 12 hours per week to this course. This is based on the University's 'rule of thumb' for an 18 point Semester course. Three of these hours are spent in lectures each week—leaving nine hours per week for your own reading and study and revision.

9. ACCESS TO LECTURE RECORDINGS

Students are strongly encouraged to attend—and participate actively in—lectures on a regular basis, as this is good learning practice and contributes to the learning environment for others. If you are ill or for some other reason are unable to attend a given lecture, recordings will be made available via Blackboard. You will find that these recordings are freely available on the Echo360 system, but usage is tracked. Guidance on appropriate usage of lecture recordings and penalties for diverging from specified limits will be provided in lecture and on Blackboard.

Assessments will assume that you have attended and understood every lecture. If you have a disability or other reason for being unable to either attend in person or watch lecture recordings (e.g., you are relying on written notes only), you *must* inform the Course Coordinator so that some accommodation can be made.

10. ASSESSMENT

Assessment will consist of two midterm tests (worth 25% each), five short essays (worth 30% in total), and two compulsory class discussion exercises, which will include both in-class and online (discussion board) components (worth 10% each).

Short Essays. Students will be expected to submit five short essays over the course of the semester. Maximum length will be 350 words, and specific prompts will be provided in each case. The use of writing aids (including both human editorial advice and software-based or artificial intelligence tools such as ChatGPT) in formulating your essays is encouraged but not required. Details on essay requirements and assessment criteria will be provided in lecture and made available on Blackboard.

Midterm Tests. The midterm tests will take place during lecture time. The tentative dates for 2024 are **Wednesday 28th August** and **Wednesday 16th October**). If you are unable to attend on either of these dates, please inform the Course Coordinator no later than the end of the first week of classes.

Class Discussions. Compulsory in-class discussions will take place (tentatively) during your timetabled tutorial times in **Week 6 (21st August)** and **Week 12 (9th October)**. If you are unable to attend your streamed tutorial these weeks, please inform the Course Coordinator no later than the end of the first week of classes. Both in-class discussions will be followed by an online discussion board exercise. Further details will be provided in lecture and on Blackboard.

Final Examination. There will be no final examination.

11. A NOTE ON DISHONEST PRACTICE

Any student found responsible for dishonest practice (for example, copying, the use of unauthorised material in tests, etc.) in relation to any piece of work submitted for assessment shall be subject to the University's dishonest practice regulations and may result in various penalties, including forfeiture of marks for the piece of work submitted, a zero grade for the paper, or, in extreme cases, exclusion from the University.