



## Global Economics and Business

**ECON:3345**

**Fall 2016**

**Professor: Michael J Applegate**

**Email: m-j1701@sbcglobal.net**

**Office Hours: TBD**

### **Course Description**

This course covers the basics of international economics that underlie the free trade argument. While the principles of free trade are generally accepted, most if not all countries restrict trade in various ways. We will look at the economic effects of these restrictions and why they are imposed. Trade policy is and always has been controversial. One of the reasons for this is that changes in trade policy such as lowering tariffs will increase trade and benefit both countries in the aggregate, but at the individual level some people lose as others gain. Even though the gains are greater than the losses over the long run, this matters little to the losers. We will see that those such as unions and others who want to be protected by trade barriers at least have an argument that deserves to be respected. We also examine exchange rate issues that affect businesses that are involved in international trade and the balance of payments for individual countries.

### **Prerequisites**

Principles of Microeconomics (ECON:1100) & Principles of Macroeconomics (ECON:1200)

### **Course Objectives**

Students will be able to:

1. Understand the principles underlying the free trade argument and be able to evaluate the arguments made by both sides of the argument for lowering trade barriers.
2. Understand how currency exchange rates affect businesses and economies; how exchange rates are determined and how monetary policy affects these rates.

### **Course Materials & Resources**

*International Economics* Carbaugh 12th South-Western

*The 1870-1914 gold standard, the most perfect one ever created*

<http://www.forbes.com/sites/nathanlewis/2013/01/03/the-1870-1914-gold-standard-the-most-perfect-one-ever-created/#2e29f3c750d8>

### **Where Used**

Every class session

Chapter 1

<i>Protectionist Policies in Developed Countries</i>	Chapter 1
<a href="https://www.google.com/webhp?sourceid=chrome-instant&amp;ion=1&amp;espv=2&amp;ie=UTF-8#q=Protectionist+policies+in+developed+countries+since+1980">https://www.google.com/webhp?sourceid=chrome-instant&amp;ion=1&amp;espv=2&amp;ie=UTF-8#q=Protectionist+policies+in+developed+countries+since+1980</a>	
<i>Brexit is a bad omen for world commerce</i>	Chapter 1
<a href="http://www.standard.net/Business/2016/06/25/Brexit-is-a-bad-omen-for-world-commerce">http://www.standard.net/Business/2016/06/25/Brexit-is-a-bad-omen-for-world-commerce</a>	
<i>Brazil crisis: Economy spirals deeper into recession</i>	Chapter 7
<a href="http://money.cnn.com/2016/06/01/news/economy/brazil-recession-economy/">http://money.cnn.com/2016/06/01/news/economy/brazil-recession-economy/</a>	
<i>A Timeline: The Chinese Yuan's Journey to Global Reserve Status</i>	Chapter 10
<a href="http://www.bloomberg.com/news/articles/2015-11-30/a-timeline-the-chinese-yuan-s-journey-to-global-reserve-status">http://www.bloomberg.com/news/articles/2015-11-30/a-timeline-the-chinese-yuan-s-journey-to-global-reserve-status</a>	
<i>Investors Are Flocking To Gold And Other Safe Havens After Brexit Vote</i>	Chapter 12
<a href="http://www.forbes.com/sites/laurengensler/2016/06/24/investors-flock-safe-haven-assets-gold-brexit/#298f63693ae9">http://www.forbes.com/sites/laurengensler/2016/06/24/investors-flock-safe-haven-assets-gold-brexit/#298f63693ae9</a>	
<i>What Is an Invoice Currency?</i>	Chapter 14
<a href="http://www.ehow.com/info_8429250_invoice-currency.html">http://www.ehow.com/info_8429250_invoice-currency.html</a>	
<i>How Corruption Causes Currency Crises</i>	Chapter 15
<a href="http://www.nber.org/digest/aug01/w8187.html">http://www.nber.org/digest/aug01/w8187.html</a>	
<i>What Causes A Currency Crisis?</i>	Chapter 15
<a href="http://www.investopedia.com/articles/economics/08/currency-crises.asp">http://www.investopedia.com/articles/economics/08/currency-crises.asp</a>	
<b>Currency Crises in Emerging Markets</b>	Chapter 15
<a href="http://www.cfr.org/emerging-markets/currency-crises-emerging-markets/p31843">http://www.cfr.org/emerging-markets/currency-crises-emerging-markets/p31843</a>	
<i>Nigeria's currency crisis Can you spare a dollar?</i>	Chapter 15
<a href="http://www.economist.com/news/middle-east-and-africa/21695065-how-make-hard-currency-shortage-worse-can-you-spare-dollar">http://www.economist.com/news/middle-east-and-africa/21695065-how-make-hard-currency-shortage-worse-can-you-spare-dollar</a>	

## Course Grades

Course grades will be approximately distributed according to the recommended guidelines of the Economics Department at the University of Iowa, which is 30% A's, 40% B's, 25% C's and 5% D's. These are only guidelines. Actual Distribution will depend on specific class performance. Plus/minus will not be used.

Points are earned in the following way:

Exam #1	200 points
Exam #2	200 points
Quizzes*	100 (5 @ 20pts each)
<u>Final Exam</u>	<u>300 points</u>

The following grading scale will be used:

<u>Percent</u>	<u>Points</u>	<u>Minimum Grade</u>
89-100	712-700	A
79-88	632-711	B
69-78	552-631	C

Total Points	800 points	55-68	440-551	D
*Quizzes will be announced the class period before.		0-54	0-439	F

## Class Schedule

<u>Class Meeting #</u>	<u>Topic</u>	<u>Reading</u>
1	The International Economy and Globalization	Chapter 1
2	Comparative Advantage	Chapter 2
3	Sources of Comparative Advantage	Chapter 3
4,5	Tariffs	Chapter 4
6	Nontariff Trade Barriers	Chapter 5
<b>7</b>	<b>Exam #1</b>	
8,9	Trade Policies for the Developing Nations	Chapter 7
10	Regional Trading Arrangements	Chapter 8
11	International Factor Movements and Multinational Enterprises	Chapter 9
12,13	The Balance-of-Payments	Chapter 10
<b>14</b>	<b>Exam # 2</b>	
14,15	Foreign Exchange	Chapter 11
16,17	Exchange Rate Determination	Chapter 12
18,19	Exchange Rate Adjustments and the Balance of Payments	Chapter 14
20	Exchange Rate Systems and Currency Crises	Chapter 15
<b>21</b>	<b>Final Exam</b>	

## Attendance Policy

Attendance at all classes and CIMBA sanctioned activities is MANDATORY. All unexcused absences will have the following consequences:

- a. 1st absence will result in a loss of a 1/3 of a letter grade in that class (1/2 in the summer program)
- b. 2nd (cumulative) absence will result in a loss of an entire letter grade in that class
- c. 3rd (cumulative) absence will result in a dismissal from the program.

Absences due to illness require a note from the CIMBA Office Staff. If a student is sick and cannot attend class, he/she must inform the CIMBA Staff immediately. Failure to do so will result in an unexcused absence.

## **Grievance Policy**

Student concerns regarding this course should first be discussed with me, the faculty member teaching this course. If we can't resolve the complaint, you may contact the CIMBA Director, Brandelle Unkrich (319-335-1041, [brandelle-unkrich@uiowa.edu](mailto:brandelle-unkrich@uiowa.edu)). The Director will review the details of the complaint and involve the Associate Dean of the Undergraduate Programs, as needed.

## **Academic Misconduct**

The Tippie College of Business at the University of Iowa follows an honor code regarding academic misconduct. That code can be found at <http://tippie.uiowa.edu/honorcode.cfm> and includes cheating, plagiarism, unauthorized collaboration, obtaining an unfair advantage, forgery, facilitating academic dishonesty, and misrepresentation. Be sure you are familiar with this code. Students who exhibit academic dishonesty will receive a zero (0) for the assignment or examination involved and may receive an "F" for the class. All incidents of cheating will be reported to the CIMBA staff, as well as to the Senior Associate Dean of the Tippie College of Business. The decision of the professor may be appealed to a Judicial Board. The Honor Code for the Tippie College of Business will determine the appropriate appeal process.

## **Accommodating Students with Disabilities/Academic Accommodations**

A student seeking academic accommodations such as a modification of seating, testing, timing, etc. should first register with Student Disability Services, then contact Shannon Lizakowski ([shannon-lizakowski@uiowa.edu](mailto:shannon-lizakowski@uiowa.edu)) in the CIMBA Office to make further arrangements. See <http://sds.studentlife.uiowa.edu> for more information.

## **Sexual Harassment**

Sexual harassment subverts the mission of the University and threatens the well-being of students, faculty, and staff. All members of the UI community have a responsibility to uphold this mission and to contribute to a safe environment that enhances learning. Incidents of sexual harassment should be reported immediately. If you feel that you are being or have been harassed or you are not sure what constitutes sexual harassment, we encourage you to visit the University website, [www.sexualharassment.uiowa.edu/index.php](http://www.sexualharassment.uiowa.edu/index.php), and to seek assistance from the CIMBA Director, Brandelle Unkrich, at 319-335-1041 or [brandelle-unkrich@uiowa.edu](mailto:brandelle-unkrich@uiowa.edu).