

# CIMBA Italy

GLOBAL ECONOMICS AND BUSINESS (ECON:3345)

SPRING 2016

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## **Introduction:**

Welcome to Econ 3345 Global Economics and Business. You could not have chosen a better time to take this course. It has been over 20 years since a large multilateral trade pact has been negotiated. During this semester, it is likely that two such trade pacts will be debated and voted upon by Congress. The first is the Trans-Pacific Partnership (TPP) which comprises 12 nations in Asia and the Americas including the U. S., Japan, Australia, and Vietnam. The TPP lowers trade barriers for goods and services ranging from poultry to building materials and sets commercial rules for 40% of the global economy. The second trade pact is between the European Union (EU) and the United States that would create a vast trans-Atlantic free trade zone. It is called the Trans-Atlantic Trade and Investment Partnership (TTIP). Tariffs would be eliminated to almost zero and a host of non-tariff barriers and regulations would be streamlined or eliminated. It is highly likely that both of these trade pacts will be voted down by Congress. Throughout the course, we will evaluate the pros and cons of both of these pacts. In addition, you will be able to observe the immigration issue which the EU is dealing with and some of the resulting policy changes that may result such as changes in the freedom of movement within the EU. Another issue that will be debated during the semester is changes in the EU. Britain will be voting on whether to leave the EU in 2017 (Brexit) and Catalonia will be trying to become independent from Spain. In November 2015, the Chinese yuan was designated by the IMF as a one of five key currencies in a basket of currencies that make up the IMF's lending instrument. You will be here when inflation in the EU is almost zero and the dollar has appreciated by roughly 15% against the euro over the last 12 months. Both of these factors should help extend your travel budget.

## **Course Description:**

This Economics course is normally labeled International Economics. The purpose of this course is to help you to understand the economic principles underlying international economics. For the most part, this course will focus on causes and patterns of international trade. First, we will analyze free trade and comparative advantage to determine who gains from trade and who loses. Next, tariffs and nontariff trade barriers as well as the role governments play in regulating and enhancing trade will be studied. Regional arrangements such as the EU and NAFTA as well the TPP and the TTIP will also be discussed and

evaluated. The second half of the course will focus on understanding a nation's Balance of Payments and exchange rate determination. Mechanisms of International adjustment to balance of payments deficits and surpluses and exchange rate adjustments will also be studied. As discussed in the introduction, current global issues related to these topics will be an important focus of this course.

### **Course Prerequisites:**

Principles of Microeconomics—Economics 1100 and Principles of Macroeconomics Econ 1200

### **Course Objectives:**

- (1) Students will understand and be able to explain global economics concepts and terminology such as comparative advantage, terms of trade, balance of payments, strong and weak dollar etc.
- (2) Students will be able to analyze the strengths and weaknesses of regional trade agreements.
- (3) Students will become familiar with the functions of the various international organizations such as the International Monetary Fund (IMF), the World Trade Organization (WTO) and the World Bank.
- (4) Students will be able to analyze how exchange rates can adjust trade deficits and surpluses.
- (5) Students will become familiar with basic economic theories which explain the movement of goods, services, and capital between and among countries.
- (6) Help students improve their analytical skills, writing skills and oral communication skills.
- (7) Acquaint students with a variety of international data sources.

### **Course Materials and Resources:**

**Text:** *International Economics* by Carbaugh-Cengage Learning: 13<sup>th</sup> Edition, 2010 The paperback edition entitled *Global Economics*. ISBN-13:978-1-4390-4044-7.

<http://www.bloomberg.com/europe> <http://www.imf.org/> <http://www1.worldbank.org>  
<http://www.wto.org/> <http://www.ny.frb.org/> <http://www.ecb.int/>  
<http://www.econoday.com/economic-calendar.aspx> a regular hand calculator is required.

### **Grading:**

There will be two major tests, a final examination, and a team presentation. The two tests will be worth 25 percent each. The final exam will be worth 25 percent. The team presentation will be worth 15 percent. The final 10 percent will be based on quizzes given in each class period (count ten best quizzes), one page critique of relevant topic news article (one half point for each critique accepted). The Final grade will use plus and minus grading. 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.

### **Types of Tests and Quizzes:**

The quizzes will be mainly multiple-choice, but there will be a few fill in the blanks and true false. The quizzes will be mainly from the text to test your understanding of the assigned readings. The two tests and final examination will be mostly essay and problems. The essay questions will be graded on the basis of the following four criteria: (1) content from the book and notes, (2) organization of your answer, (3) grammar, (4) the amount and quality of the outside reading from suggested websites and other outside sources like the International Herald Tribune. Articles discussed in class from the various websites as well as assigned handouts and problems will also be tested with at least one essay question on each test and the final examination. Naturally content is the most important element in an essay question and will constitute 60 percent of your grade for each essay question. The other three criteria will constitute the other 40 percent.

### **Dates of the Two Tests and Final Examination:**

The first test will be given on \_\_\_\_\_. The second test will be given on \_\_\_\_\_. The final examination will be given between April 6 and April 8. The actual date of the final is determined by CIMBA. The team presentation will be made on the last class day.

**E-mail:** I will respond to e-mail within 24 hours unless it is a travel week or a long weekend.

**Late Assignments:** assignments will not be accepted after the date they are due.

### **Policies and Procedures:**

#### **Attendance Policy**

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

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

Absences due to illness require a note from the CIMBA Undergraduate 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. If we cannot resolve the complaint, You may contact the CIMBA Director, Brandelle Unkrich (319-335-1041, 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 School 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 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) 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.

## GLOBAL ECONOMICS SYLLABUS

Course Outline                      Global Economics 3345     Spring, 2016

<b>Class session</b>	<b>Topics</b>	<b>Assignments</b>
(1)	Introductions course framework EU today Bloomberg	Chapter 1 in text plus
(2)	Review Micro Macro principles four goals Bloomberg	Chapter 2 in text plus
(3)	Background on Comparative Advantage Bloomberg	Chapter 3 in text plus
(4)	Sources of Comparative Advantage Bloomberg	Study Questions:3,4,6,7,,11,12,13 Chapter 4 in text plus
(5)	Tariffs Bloomberg	Study Questions 4, 9, 15 Chapter 5 in text plus
(6)	Nontariff Barriers Bloomberg	Study Questions 2,9,14 & 16 Chapter 6 in text plus
(7)	Trade Regulation and Industrial Policies Bloomberg	Study Questions 4, & 7 Chapter 7 in text plus
(8)	Regional Trading Agreements Bloomberg	Study Questions: 5, 6, 8,& 10 Chapter 8 in text plus
(9)	Test 1 (chapters 1-7) Bloomberg	Study Questions: 2, 4, & 6 Chapter 9 in text plus
(10)	International Factor Movements Bloomberg	Study Questions; 5, 10, & 12 Chapter 10 in text plus
(11)	Multinational Enterprises Foreign Exchange Bloomberg	Study Questions: 1, 6, & 10 Chapter 11 in text plus
(12)	Exchange Rate Determination Bloomberg	Study Questions: 1, 3, 9, & 11 Chapter 12 in text plus
(13)	Mechanisms of International Adjustment Bloomberg	Study Questions: 1, 2, 5, & 11 Chapter 13 in text plus
(14)	Test 2 Chapters 8-13 Bloomberg	Study Questions: 1, 2, 4,& 7 Chapter 14 in text plus

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| <p><b>(15)</b> Exchange Rate Systems and Balance of<br/>Bloomberg<br/>Payments</p> | <p>Study Questions: 1, 8, &amp; 9<br/>Chapter 15 in text plus</p>          |
| <p><b>(16)</b> Exchange Rate Systems and Currency<br/>Bloomberg<br/>Crises</p>     | <p>Study Questions: 1, 6, 11, &amp; 12<br/>Chapter 16 in text plus</p>     |
| <p><b>(17)</b> Macroeconomic Policy in an Open<br/>Bloomberg</p>                   | <p>Study Questions: 1, 5, &amp; 7<br/>Chapter 17 in text plus</p>          |
| <p>12</p> <p><b>(18)</b> International Banking: Reserves, Debt<br/>And Risk</p>    | <p>Study Questions: 2, 5, 7, 8, &amp;</p> <p>Prepare for Team Projects</p> |
| <p><b>(19)</b> Team Projects and Review for Final Exam</p>                         | <p>Prepare for Team Presentation</p>                                       |
| <p><b>(20)</b> Team Presentation and Review for Final</p>                          |  |
| <p><b>(21)</b> FINAL EXAMINATION (April 6-8) Exact Date Determined by CIMBA</p>    |  |