



Global Economics and Business (ECON: 3345)^{*,**}
Spring 2017

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INTRODUCTION

Benvenuto! This course is about international trade and finance: Global Economics and Business (Econ 3345), is often called International Economics at other Universities. However, we will go beyond the traditional International Economics courses in that we will examine current issues in international trade and finance.

With the new President, the economic future is uncertain. As of the writing of this syllabus, his policies have not yet been articulated in any detail. He has indicated his desire to re-negotiate or terminate various trade pacts such as NAFTA. The Trans-Pacific Partnership (TPP) has been a contentious issue in the presidential election. It comprises 12 nations in Asia and the Americas including the U. S., Japan, Australia, and Vietnam. While the TPP lowers trade barriers for goods and 335 services ranging from poultry to building materials and sets commercial rules for 40% of the global economy, it is controversial because some of its provisions appear to usurp the sovereignty of the states. The new president indicated his first act will be to give notification of the United States' intent to withdraw from the TPP.

It has been over 20 years since a large multilateral trade pact has been negotiated. During this semester, it is likely that one trade pact will be debated and voted upon by Congress. That 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 this will be voted down by Congress. Throughout the course, we will evaluate the pros and cons of these pacts. In addition, you will be able to observe the immigration issue with which the EU is dealing and some of the resulting policy changes that may occur such as changes in

* Thanks are in order to previous Professors who developed earlier versions of International Trade course from whom I borrowed generously. In particular Professors Bruce Kline & Dennis M. O'Toole.

**The syllabus is provisional and will be modified as events unfold in the US and in the world.

the freedom of movement within the EU. Other issues that will be debated during the semester are changes in the EU. Britain voted to leave the EU (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. Changes in the United States economy have global implications, both for the strength of the dollar and the economic health of many countries around the world.

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 as 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 as well as exchange rate adjustments will be studied. As discussed in the introduction, current global issues related to these topics will be an important focus of this course. I will be available to help you to understand the material both in class and during office hours as often as you want. Please feel free to come to my office and discuss all aspects of the course. My office hours are after class from 1:00 to 3:00 PM.

COURSE PREREQUISITES:

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

COURSE OBJECTIVES:

- 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.
- Students will be able to analyze the strengths and weaknesses of regional trade agreements.
- 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.
- Students will be able to analyze how exchange rates can adjust trade deficits and surpluses.
- Students will become familiar with basic economic theories which explain the movement of goods, services, and capital between and among countries.
- Help students improve their analytical skills, writing skills and oral communication skills.
- Acquaint students with a variety of international data sources.

COURSE MATERIALS AND RESOURCES:

Text: *International Economics* by Carbaugh-Cengage Learning: 13th 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>

Grading:

Weight Grading Scale

Cases	15%		A	94 - 100%		C +	74 – 76%
Exam I	25%		A -	90 - 93%		C -	70 – 73%
Exam II	25%		B +	87- 89 %		D +	67 – 69%
Final	25%		B	84 - 86%		D	64 - 66%
HW/Quizzes	10%		B -	80 - 83%		D -	60 -63%
						F	Below 60%

The Final grade will use plus and minus grading. Course grades will be approximately distributed according to the recommended guidelines of the Tippie College of Business at the University of Iowa, which is 30% A's, 40% B's, 25% C's and 5% D's. These are only guidelines.

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 New York Times* (formerly 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. 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 Tests: The first test will be given in Session 9. The second test will be given in Session 14. The final examination will be given between 5 April and 7 April. 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:

- First absence will result in a loss of 1/3 of a letter grade in that class,
- Second (cumulative) absence will result in a loss of an entire letter grade in that class,
- Third (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 appealed to a Judicial Board. The Honor Code for the Tippie College of Business will determine the appropriate appeal process.

Students with Disabilities: 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, and to seek assistance from the CIMBA Director, Brandelle Unkrich, at 319-335-1041 or brandelle-unkrich@uiowa.edu.

	Class session	Topics	Assignments
1		International Economy & Globalization	Chapter 1 Study questions: 1, 4, & 7
2		Background on Comparative Advantage	Chapter 2 Study questions: 1, 3, 6, & 10
3		Sources of Comparative Advantage	Chapter 3, Study questions: 3, 4, 6, 7, 11, 12, & 13
4		Tariffs	Chapter 4 Study Questions: 4, 9 & 15
5		Nontariff Barriers	Chapter 5 Study Questions: 2, 9, 14, & 16
6		Trade Regulation & Industrial Policies	Chapter 6 Study Questions: 4, 7 & 8
7		Trade Policies for Developing Nations	Chapter 7 Study Questions: 5, 6, 8, & 10
8		Regional Trade Agreements	Chapter 8 Study Questions: 2, 4, & 6
9		Test 1, Chapters 1-8	Review
10		International Factor Movements; Multinational Enterprises	Chapter 9 Study Questions: 5, 10, & 12
11		Balance of Payments	Chapter 10 Study Questions: 1, 6 & 10
12		Foreign Exchange	Chapter 11 Study Questions: 1, 3, 9, & 11
13		Exchange Rate Determination	Chapter 12 Study Questions: 1, 2, 5, & 11
14		Mechanisms of International Adjustment	Chapter 13 Study Questions: 1, 2, 4, & 7
15		Test 2, Chapters 9 -13	Review
16		Exchange Rate Systems & Balance of Payments	Chapter 14 Study Questions: 1, 8, & 9
17		Exchange Rate Systems and Currency	Chapter 15 Study Questions: 1, 6, 11, & 12
18		Macroeconomic Policy in an Open Economy	Chapter 16 Study Questions: 1, 5, & 7
19		International Banking: Reserves & Debt	Chapter 17 Study Questions: 2, 5, 7, 8, & 12
20		Team Projects & Review for Final Exam	Prepare for Team Projects
21		Team Presentations & Review for Final Exam	