Global Economics and Business

CIMBA Italy Program
Summer 2017

Instructor: Bruce Kline
Office Telephone: 
E-Mail: bruce.kline@colorado.edu

Course Description
This course is an economics course about international economics and business. At other universities this course might be titled International Economics. The objective of the course is to provide the student with the intuitive and the formal understanding of the economic principles of international economics. For the most part, the course focuses on the modern nonmonetary theories, causes and patterns of international trade. The gains from trade and the distribution of those gains, e.g. identifying the winners and losers from international trade, are clearly studied and explored. The powerful forces of globalization are discussed, analyzed and evaluated. NAFTA, the EU and other formal economic relations among nations are described and assessed. The economic effects of government policies that facilitate trade and those that restrain trade are analyzed. Current issues in international economic policy, including monetary issues, and how these relate to the patterns of trade and investment and to the basic economic principles of international economics are an important focuses of the course.

Course Prerequisites
Principles of Microeconomics – ECON1100
Principles of Macroeconomics – ECON1200

Course Goals
1) understand the content and role of economic theories in interpreting international movements of goods and services, labor, business enterprise, investment, and technology;
2) become familiar with fundamental economic theories which explain movements of goods, services, capital between and among countries;
3) explore basic attributes and evolution of international trade system and international financial system;
4) learn about key factors that affect international trade, with the focus on government trade policies and regional trade blocks;
5) learn from the original sources about the role of the World Trade Organization and International Monetary Fund in resolving conflicts and crisis situations in the global economy;
6) enhance communication skills by involving students in analysis on real problems and policies in international business.
**Course Methods**
The course will be a mixture of class discussion and lecture. To a greater extent than almost any course, this course’s topics will be contained in the daily headlines. It will be critical to stay up-to-date on current events.

**Class Procedure and Grading**
Class will be a mixture of problem review, current event discussion, and lecture. You will be assigned textbook problems every week. We will review the problems in class. Following, there will be discussion of current topics/events. The class will complete with lecture on the next topic. Success in this class will occur through integration, not memorization. We will use economic techniques to objectively analyze economic events.

**Grading**
Midterm – 400 points (200 each)  
Final – 250 points  
Homework – 100 points  
Papers – 200 points (100 each)  
Participation – 50 points  

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.

Tests – There will be two tests (non-cumulative) and a final (cumulative). You may use a calculator. You may bring a one-page cheat sheet to each exam. **Limit one-half letter- or A4-size page, one side.** Please put your name on the cheat sheet and hand it in with the exam.

Homework – Homework will be taken from the numbered “Study Questions” at the end of each chapter. You may work with as many fellow students as you wish, but you must turn in your own homework. Typed submissions are preferred, written is acceptable if extremely legible. Homework will be due at the beginning of the session assigned. (see schedule)

Papers – Two group papers will be submitted. (Groups of three or four, depending upon class size) Papers are to be submitted through the ICON dropbox. While I am flexible, target the paper to be three pages of double-spaced, 12-point font. Papers will be due Thursday at 6:00pm.
Paper 1 – Find a “current event” article. The article should deal with global trade and/or balance of payments. Summarize the article and re-explain it in “textbook” terms. How does it fit in to the language and theories that we are discussing and reading about in the textbook? Confirm the article / topic with me on **Monday, May 22nd**.
Paper 2 – Choose one of the following topics:  
A) Review of Brexit and expectations  
B) Sino-U.S. trade relations (recent history and future expectations)  
C) Impact of potential trade restrictions on the U.S. economy

Participation – contribute verbally to class. To earn full points you must bring an article or current event to the class’ attention. You must provide a verbal summary of why the item is important. Each class session, up to two students may present. Volunteer early. There are eighteen class sessions. In later class sessions, we will draw lots. Going early in the term is the only insurance that you will have the opportunity to present.

**Course Materials:**

**Text and Materials**  
I also strongly recommend regular reading of www.economist.com and www.wsj.com

Pre-assignment. Please read:

Wall Street on the Tundra
http://www.vanityfair.com/politics/features/2009/04/iceland200904

Beware of Greeks Bearing Bonds

When Irish Eyes are Crying

It's the Economy, Dummkopf!

Pre-assignment. Please watch:

Brexit: Humorously
https://www.youtube.com/watch?v=vGmjOSWBCOY

Brexit: Politically
https://www.youtube.com/watch?v=dcwuBo4PvEo

Brexit: Financially
https://www.youtube.com/watch?v=heOrwC_Xa28
## Class Schedule

The weekly schedules are broken into subsidiary class sessions. These subsidiary sessions are approximate, given the timing of the afternoon class (which is longer and will constitute approximately two sessions).

<table>
<thead>
<tr>
<th>Class Session</th>
<th>Topics</th>
<th>Assignments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Week 1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| 1             | **Introductions**  
                | **Course Framework** |             |
| 2             | **Review Principles of Micro (1100) and Macro (1200)**  
                | - Supply/Demand/Equilibrium  
                | - Fiscal and Monetary Policy |             |
| 3/4           | **Chapter 1, 2 and 3**  
                | - The International Economy and Globalization  
                | - Foundations of Modern Trade Theory: Comparative Advantage  
                | - Sources of Comparative Advantage | Study Questions: 3-6, 3-11, 3-12, 3-13 |
| 5             | **Chapter 4**  
                | Tariffs | Study Questions: 4-4, 4-7, 4-13 |
| 6             | **Chapter 5**  
                | Nontariff Barriers | Study Questions: 5-2, 5-9, 5-15 |
| Week 2        |        |             |
| 7             | **Chapter 6**  
                | Trade Regulations and Industrial Policies | Study Questions: 6-4, 6-7  
                                | Paper 1 Topic Due |
| 8/9           | **Chapter 7 and 8**  
                | Trade Policies for Developing Nations  
                | Regional Trading Arrangements | Study Questions: 7-3, 7-8 |
| 10            | **Test** |             |
| 11            | **Chapter 9**  
                | International Factor Movements and Multinational Enterprises | Study Questions: 9-5, 9-12 |
| 12            | **Chapter 10**  
                | The Balance of Payments | Study Questions: 10-7, 10-11  
                                | **Paper 1 due** |
| Week 3        |        |             |
| 13            | **Chapters 11**  
                | Foreign Exchange | Study Questions: 11-3, 11-7 |
| 14            | **Chapter 12 and 13**  
                | Exchange Rate Determination  
                | Mechanisms of International Adjustment |             |
| 15/16         | **Open Discussion / Review**  
                | Test |             |
| 17            | **Placeholder** |             |
| 18            | **Chapter 14**  
                | Exchange-Rate Adjustments and the Balance of Payments | Study Questions: 14-1, 14-2 |
| Week 4        |        |             |
| 19            | **Chapter 15**  
                | Exchange Rate Systems and Currency Crises | Study Questions: 15-4, 15-6 |
| 20            | **Chapter 16**  
                | Macroeconomic Policy in an Open Economy | Study Questions: 16-1, 16-2 |
| 21  | **Chapter 17**  
|     | International Banking: Reserves, Debt, and Risk |
| 22/23 | **Open discussion of current events in context** |
| 24   | **Review**  
|      | Paper 2 due |
Structural Policies
Virtually everything that concerns the structural mechanics of this class, including among other things course credit, dropping and adding, and academic misconduct is governed by the Tippie College of Business, University of Iowa. Specific structural policies in that regard include:

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
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). 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) 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.