

CIMBA Italy

GLOBAL ECONOMICS AND BUSINESS (ECON:3345)

SPRING 2018

Instructor: Dr. Dennis M. O'Toole

E-Mail dmotoole@vcu.edu

Introduction:

Welcome to Econ 3345 Global Economics and Business. You could not have chosen a better time to take this course. The election of President Trump has completely changed the direction of U. S. Global policy. President Trump's policy of "America First" has already resulted in three major policy changes. First, the United States has withdrawn from the the Trans-Pacific Partnership (TPP) which was comprised of 11 other nations in Asia and the Americas including Canada, Japan, Australia, and Vietnam. The TPP would have lowered trade barriers for goods and services ranging from poultry to building materials and set commercial rules for 40% of the global economy. The second change was suspending negotiations on the the Trans-Atlantic Trade and Investment Partnership (TTIP). The TTIP is a trade pact between the European Union (EU) and the United States whose goal was to create a vast trans-Atlantic free trade zone. The TTIP was an attempt to eliminate tariffs between the U.S. and the EU and negotiate to eliminate or streamline a host of non-tariff barriers and regulations. The third policy change was to renegotiate the North American Free Trade Agreement NAFTA with Mexico and Canada. Throughout the course, we will evaluate the pros and cons these three policy changes. In addition, you will be able to observe and study the immigration issue which the EU is dealing with and some of the resulting policy and the implications that may result, such as changes in the freedom of movement within the EU. Brexit is another issue that will be discussed. In June, 2016, the United Kingdom, the unofficial financial capital of the EU voted to separate from the EU by 2019. The negotiations are expected to continue throughout most of 2018. We will follow the progress of the Brexit negotiations because the UK is the first country to withdraw from the EU. We will also analyze the economic implications of Catalonia's attempt to become independent from Spain. You will be here when and the dollar has depreciated by over 10 percent during the last 15 months (your dollars will not buy as much in Italy). I am available to help you 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 formal office hours are Tuesday, Wednesday, and Thursday from 11am to 1pm. I am also available at other times by appointment.

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 nations' 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: 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>.

A regular 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 and team paper will be worth 15 percent. The team paper will be on two topics: (1)Should President Trump have terminated the Trans-Pacific Partnership TPP? The second topic is: (2) What are the pros and cons of renegotiating the North American Free Trade Agreement? The two topics will be randomly assigned after mid-semester. The team paper and team presentation will be a minimum of three pages and a maximum of five pages (double spaced and 12 point). The paper is due the day the presentation is made which will be on one of the last two class periods. The final 10 percent will 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, 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 February , 2018 The second test will be given on March , 2018. The final examination will be given between April 11 and April 13. The actual date of the final is determined by CIMBA. The team presentation will be made on the last class days.

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. 1st absence will result in a loss of 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 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 Interim Director, Stephanie Schnicker (319-335-1041, stephanie-schnicker@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 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 the CIMBA Italy Office (cimba-italy@uiowa.edu) to make further arrangements. See <http://sds.studentlife.uiowa.edu> for more information.

Sexual Harassment

The University will not tolerate sexual harassment, nor will it tolerate unwelcomed behavior of a sexual nature toward members of the University community when that behavior creates an intimidating or hostile environment for employment, education, on-campus living, or participation in a University activity. See the UI Comprehensive Guide on Sexual Harassment for assistance, definitions, and the full university policy: opsmanual.uiowa.edu/community-policies/sexual-harassment, and to seek assistance from the CIMBA Interim Director, Stephanie Schnicker, at 319-335-1041 or stephanie-schnicker@uiowa.edu.

GLOBAL ECONOMICS SYLLABUS

Course Outline Global Economics 3345 Spring, 2018

Class session Topics Assignments

(1) Introductions course framework EU today Chapter 1 in text plus Bloomberg
Study Questions: 1, 2, 6, 7, and 8 in Chapter 1.

(2) Review Micro Macro principles four goals Chapter 2 in text plus Bloomberg
Study Questions: 2, 4, 8, 10 14, and 15 in Chapter 2.

(3) Background on Comparative Advantage Chapter 3 in text plus Bloomberg

Study Questions: 2, 3, 5, 7, 8 12, and 13 in Chapter 3

(4) Sources of Comparative Advantage Chapter 4 in text plus Bloomberg

(5) Tariffs Chapter 4 in text plus Bloomberg

Study Questions: 1, 3, 5, 7, 8, 10, 15

(6) Nontariff Barriers Chapter 6 in text plus Bloomberg

Study Questions; TBA

(7) Trade Regulation and Industrial Policies Chapter 7 in text plus Bloomberg

Study Questions: TBA

(8) Regional Trading Agreements Chapter 8 in text plus Bloomberg

Study Questions: TBA

(9) Test 1 (chapters 1-7) Chapter 9 in text plus Bloomberg

Study Questions; TBA

(10) International Factor Movements Chapter 10 in text plus Bloomberg

Multinational Enterprises Study Questions: TBA

(11) Foreign Exchange Chapter 11 in text plus Bloomberg

Study Questions: tba

(12) Exchange Rate Determination Chapter 12 in text plus Bloomberg

Study Questions: TBA

(13) Mechanisms of International Adjustment Chapter 13 in text plus Bloomberg

Study Questions: TBA

(14) Test 2 Chapters 8-13 Chapter 14 in text plus Bloomberg

Study Questions: TBA

(15) Exchange Rate Systems and Balance of Chapter 15 in text plus Bloomberg

Payments Study Questions: TBA

(16) Exchange Rate Systems and Currency Chapter 16 in text plus Bloomberg

Crises Study Questions: TBA

(17) Macroeconomic Policy in an Open Chapter 17 in text plus Bloomberg

Study Questions: TBA

(18) International Banking: Reserves, Debt Prepare for Team Projects

And Risk

(19) Team Projects and Review for Final Exam Prepare for Team Presentation

(20) Team Presentation and Review for Final

(21) FINAL EXAMINATION (April 11-13) Exact Date Determined by CIMBA