

Shidler College of Business
University of Hawai'i at Manoa
Fall 2021

Bus 313 – Economic & Financial Environment of Global Business

Instructor: Alex Hittle

Office Hours: By Arrangement

E-mail: aahittle@hawaii.edu

WF: 9:00-10:15am (Section 003)

WF: 10:30-11:45 am (Section 004)

Location: Zoom!

*Dick Grayson (aka "Robin") : "Gosh, economics is sure a dull subject"
Bruce Wayne (aka "Batman"): "Oh, you must be jesting, Dick. Economics dull?
The glamour, the romance of commerce... Hmm. It's the very lifeblood of our
country's society."*

Course Description:

BUS 313 – The Economic & Financial Environment of Global Business introduces students to the theory of trade and international finance. Using that theoretical foundation, the course will examine a number of key global regions and their role in the global system.

The objective of the course is to:

1. Review how we got here.
2. Discuss where we are now (i.e. what does 'here' look like)
3. Consider what the future holds during your career span
4. Give you the language and tools to make that analysis

Textbook:

International Economics, 7th Edition, James Gerber, Pearson. This is offered as part of the IDAP program, so you will automatically buy an electronic version of the book as part of your course registration. However, you can opt out if you wish. You may be able to find a used version of the physical textbook at a reasonable price on line. Speed is helpful here, my advice is to use the online textbook, unless you can obtain a hard copy before the end of the first week of classes or so. Make a habit of reading through the pages that are assigned in connection with the lectures.

Grading Structure:

Note that in order to pass the class, you must complete all of the work:

Midterm one:	15%
Midterm two:	15%
Issue Briefing:	20% (full marks/procedural deductions)
Attendance/Participation:	30%
Final:	20%

The **midterms** will be on the material from the topics presented in Part I and then Part II of the course. The **final** will cover the whole of the course. Each of these tests will include quantitative problems with point answers as well as short answer problems. They will be curved at my discretion.

The **issue briefing** will require the student to make a concise oral background presentation to the class (2-3 minutes) and a short (1-2 page) written briefing document. It is meant to simulate the sort of work one would do in a business/government environment. Ideally, the written briefing could serve as writing sample in a job application.

I believe that **attendance/participation** is important. This class has been adapted from what was a traditional lecture course – and I expect you to treat it like one.

- I ask you to make a good faith effort to participate in the class in real time via Zoom. I will record each class and put a recording up on YouTube, but those recordings are primarily for studying or unavoidable absences. *If you are going to be absent from the real time class please e-mail me ahead of time, just like a regular course.*
 - I realize some students may be in inconvenient time zones or may have regular commitments that they need to work around. If so, contact me and we can come up with an appropriate special arrangement.
- During class I will select student's names at random and ask questions. I will expect you to reply within about 10 seconds or so. (Hitting the space bar while on Zoom will unmute your microphone). In other words, I want you to watch the lectures in a constant state of readiness. I will track performance on these questions – not by whether or not you got them right, but whether or not you replied. You will likely be called on several times during the course, so don't obsess if you miss a question.

A note on final grades: I will most likely curve the final grades. My experience has been that on-line course attendance/participation is generally very good and the issue briefing well-produced, so it is likely that the key differentiator for your performance relative to your classmates will be the two midterms and the final.

Academic Dishonesty:

It is not worth it! It is much easier to simply learn the material rather than cheat. So don't do it. Instances of academic dishonesty, as defined by the University Student Conduct Code:

(http://www.studentaffairs.manoa.hawaii.edu/policies/conduct_code/) will not be tolerated and may result in a grade of "F".

Bus 313 – Economic & Financial Environment of Global Business

<i>PART 1: Introduction and the Microeconomic Analysis of Trade</i>			
Class :	Date:	Topic(s):	Reading:
1	8/25	<i>Introduction:</i> - Course structure - Main themes – 4 themes to play out during your workspan	None
2	8/27	<i>Globalization and the Disasters:</i> - The Globalized World of Mary Poppins! - Disaster: Wars and Depression - Review of Supply and Demand Curves	Chapter 1 (pp. 1-10)
3	9/1	<i>After the Disasters a New World Born in New Hampshire:</i> - Review of Monetary and Fiscal Policy - The Bretton Woods System <ul style="list-style-type: none"> ○ The World Bank ○ The IMF ○ The GATT 	Chapter 2 (pp. 19-23)
4	9/3	<i>Trade – What Happened in 1776?</i> - Reinvention of Bretton Woods Institutions - Adam Smith – Absolute Advantage	Chapter 3 (pp. 42-52)
5	9/8	<i>Trade – The Greatest Investor of All Time</i> - David Ricardo - Comparative Advantage - The Robinson Crusoe model	Chapter 3 (pp.53-62)
6	9/10	<i>MIB: Gains from Trade:</i> - Heckscher-Ohlin	Chapter 4 (pp. 65-69)
7	9/15	<i>Winners and Losers:</i> - Stolper-Samuelson	Chapter 4 (pp. 71-72)
8	9/17	<i>The Two Trade Triangles that Economists Hate.</i> <i>Theory of Trade Barriers:</i> - Tariffs - Quotas	Chapter 6 (pp.116-119) (pp. 130-132)
9	9/22	<i>Six Reasons Why Tariffs and Quotas Stay with Us, Regardless of What Economists Think</i>	Chapter 7 (pp.138-150)
10	9/24	<i>Subsidizing the World's Most Valuable Company! Beyond Comparative Advantage:</i> - Economies of Scale - Economic 'Clusters' - Industrial Policy - Quotas <i>Review of Problem/Study sheet #1</i>	Chapter 5 (pp. 94-104)

11	9/29	MIDTERM #1	
		<i>PART 2: International Finance: Macroeconomic Theory, Trade, and Financial Flows</i>	
Class :	Date:	Topic(s):	Reading:
12	10/1	<i>Where Does All the Money in China Go? Balance of Trade and Payments:</i> <ul style="list-style-type: none"> - Balance of Trade/Current Account - Capital Account - Balance of Payments 	Chapter 9 (pp. 184-196)
13	10/6	<i>Discuss Midterm #1 ahead of return</i>	
14	10/8	<i>Is Anyone Serious About the Trade Deficit</i> <ul style="list-style-type: none"> - $S + (T-G) = I + CA$ 	Chapter 9 (pp. 196-204)
15	10/13	<i>You Gotta Have a Story: Exchange Rates</i> <ul style="list-style-type: none"> - Fixed vs. Floating - Supply/Demand Model <ul style="list-style-type: none"> o Long-term: Purchasing power parity o Medium-term: Differing growth rates o Short-term: Interest arbitrage Why countries prefer to float	Chapter 10 (pp. 219-229)
16	10/15	<i>Adding a New Leak to Your Macro Class – a Review Plus:</i> <ul style="list-style-type: none"> - Keynesian Multiplier and Leakages - Fiscal Policy Review - Monetary Policy Review 	Chapter 11 (pp. 256-261) Videos: Fiscal and Monetary Policy Playlist on YouTube.
17	10/20	<i>Is Anyone Really Serious About the Trade Deficit? (Part 2)</i> <ul style="list-style-type: none"> - Fiscal Policy and Current Account Monetary Policy and Current Account 	Chapter 11 (pp. 262-264)
18	10/22	<i>Financial Crashes in International Context:</i> <ul style="list-style-type: none"> - 	Chapter 12 (pp. 277-279) (pp. 289-293)
19	10/27	MIDTERM #2 (on Part 2 only)	

		<i>PART 3: Applying Theory - Global Geography</i>	
20	10/29	<i>Japan:</i> <u>Population</u> : The most advanced collapse on earth.	NA
21	11/3	<i>Discuss Midterm #2</i>	NA
22	11/5	<i>The United States (Part 1):</i> - 1989 The Fall of the Berlin Wall sets the modern world in motion.	Chapter 13 (pp. 308-313)
23	11/10	<i>The United States (Part 2)</i> - <u>Robotic & IT Job Destruction</u> : - Will we work, play Fortnite, or live out of shopping carts?	NA
24	11/12	<i>The European Union:</i> • <u>Globalization</u> : From Bretton Woods to Greece and Brexit	Chapter 14 (All!)
25	11/17	<i>The European Union: Special Class on the Greek Economic Crisis</i> -- Applying concepts: • Balance of Payments Adjustments • The role of Bretton Woods Institutions	TBD
26	11/19	<i>China:</i> • <u>Globalization</u> : Export-Led Growth • The Greatest Economic Miracle of All Time: • (Is Democracy Optional?)	Chapter 17 (All! Covers class 26 as well)
27	11/24	<i>India:</i> • (Is Democracy Optional (part 2))	Chapter 17 (All! See class 25)
	11/26	<i>No Class: Thanksgiving Recovery Day</i>	
28	12/1	<i>Russia:</i> <u>Declining Real Commodity Prices</u> • The Resource Curse – Do We Need to Fear Russia for long? • Is Putin the Luckiest Man Since Ringo Starr?	
29	12/3	<i>Capstone Class – Ethical Issues in the Global Economy</i>	
30	12/8	<i>Review and Class Summary</i>	
	12/16	Final Exam: Both Sections 2:15 – 4:15pm	