

Shidler College of Business  
University of Hawai'i at Manoa  
Fall 2020

**Bus 313 – Economic & Financial Environment of Global Business**

Instructor: Alex Hittle  
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WF: 9:00-10:15 am  
WF: 10:30-11:45 am  
Location: Zoom!

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 particular case studies.

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, 7<sup>th</sup> 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. Make a habit of reading through the pages that are assigned in connection with the lectures.

Grading Structure:

Midterm one:	15%
Midterm two:	15%
Issue Briefing:	20%
Attendance/Participation:	20%
Final:	20%

The **midterms** will be on the material from the topics presented in Part I and then Part II of the course. They 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.

The format for the **Final** is currently undecided.

- Most likely, it will be an in-person exam proctored with appropriate social distancing measures at the UH campus.
- If conditions with the virus make an in-person exam unwise, I will shift to doing an oral final that will consist of a 15 minute Zoom chat with me. I will ask questions about all aspects of the course to see if you can speak easily about them.

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/](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><b>PART 1: Introduction and the Microeconomic Analysis of Trade</b></i>			
<b>Class:</b>	<b>Date:</b>	<b>Topic(s):</b>	<b>Reading:</b>
1	8/26	<i>Introduction:</i> <ul style="list-style-type: none"> <li>- Course structure</li> <li>- Main themes – <b>4 themes</b> to play out during your workspan</li> </ul>	None
2	8/28	<i>Globalization and the Disasters:</i> <ul style="list-style-type: none"> <li>- The Globalized World of Mary Poppins!</li> <li>- <b>Disaster:</b> Wars and Depression</li> <li>- Review of Supply and Demand Curves</li> </ul>	Chapter 1 (pp. 1-10)
3	9/2	<i>After the Disasters a New World Born in New Hampshire:</i> <ul style="list-style-type: none"> <li>- Review of Monetary and Fiscal Policy</li> <li>- The <b>Bretton Woods System</b> <ul style="list-style-type: none"> <li>o The World Bank</li> <li>o The IMF</li> <li>o The GATT</li> </ul> </li> </ul>	Chapter 2 (pp. 19-23)
4	9/4	<i>Trade – What Happened in 1776?</i> <ul style="list-style-type: none"> <li>- Reinvention of Bretton Woods Institutions</li> <li>- Adam Smith – <b>Absolute Advantage</b></li> </ul>	Chapter 3 (pp. 42-52)
5	9/9	<i>Trade – The Greatest Investor of All Time</i> <ul style="list-style-type: none"> <li>- David Ricardo - <b>Comparative Advantage</b></li> <li>- The Robinson Crusoe model</li> </ul>	Chapter 3 (pp.53-62)
6	9/11	<i>MIB: Gains from Trade:</i> <ul style="list-style-type: none"> <li>- <b>Heckscher-Ohlin</b></li> </ul>	Chapter 4 (pp. 65-69)
7	9/16	<i>Why the Donald is President: Winners and Losers</i> <ul style="list-style-type: none"> <li>- <b>Stolper-Samuelson</b></li> </ul>	Chapter 4 (pp. 71-72)
8	9/18	<i>The Two Trade Triangles that Economists Hate. Theory of Trade Barriers:</i> <ul style="list-style-type: none"> <li>- <b>Tariffs</b></li> <li>- <b>Quotas</b></li> </ul>	Chapter 6 (pp.116-119) (pp. 130-132)

9	9/23	<i>Six Reasons Why Tariffs and Quotas Stay with Us, Regardless of What Economists Think</i>	Chapter 7 (pp.138-150)
10	9/25	<i>Subsidizing the World's Most Valuable Company! Beyond Comparative Advantage:</i> <ul style="list-style-type: none"> <li>- Economies of Scale</li> <li>- Economic 'Clusters'</li> <li>- Industrial Policy</li> <li>- Quotas</li> <li>- <i>Review of Problem/Study sheet #1</i></li> </ul>	Chapter 5 (pp. 94-104)
11	9/30	<b>MIDTERM #1</b>	

<b>PART 2: International Finance: Macroeconomic Theory, Trade, and Financial Flows</b>			
<b>Class:</b>	<b>Date:</b>	<b>Topic(s):</b>	<b>Reading:</b>
12	10/2	<i>Where Does All the Money in China Go? Balance of Trade and Payments:</i> <ul style="list-style-type: none"> <li>- Balance of Trade/Current Account</li> <li>- Capital Account</li> </ul> Balance of Payments	Chapter 9 (pp. 184-196)
13	10/7	<i>Discuss Midterm #1</i>	
14	10/9	<i>Is Trump Serious About the Trade Deficit? (Part 1)</i> <ul style="list-style-type: none"> <li>- <math>S + (T - G) = I + CA</math></li> </ul>	Chapter 9 (pp. 196-204)
15	10/14	<i>You Gotta Have a Story: Exchange Rates</i> <ul style="list-style-type: none"> <li>- Fixed vs. Floating</li> <li>- Supply/Demand Model</li> <li>- Long-term: Purchasing power parity</li> <li>- Medium-term: Differing growth rates</li> <li>- Short-term: Interest arbitrage</li> <li>- Why countries prefer to float</li> </ul>	Chapter 10 (pp. 219-229)
16	10/16	<i>Adding a New Leak to Your Macro Class – a Review Plus:</i> <ul style="list-style-type: none"> <li>- Keynesian Multiplier and Leakages</li> <li>- Fiscal Policy Review</li> <li>- Monetary Policy Review</li> </ul>	Chapter 11 (pp. 256-261) Videos: Fiscal and Monetary Policy Playlist on YouTube
17	10/21	<i>Is Trump Really Serious About the Trade Deficit? (Part 2)</i> <ul style="list-style-type: none"> <li>- Fiscal Policy and Current Account</li> <li>- Monetary Policy and Current Account</li> <li>- Mundell-Fleming Trilemma</li> </ul>	Chapter 11 (pp. 262-264)
18	10/23	<i>Financial Crashes in International Context:</i>	Chapter 12 (pp. 277-279) (pp. 289-293)
19	10/28	<b>Midterm #2 (on Part 2 only)</b>	

		<b><i>PART 3: Applying Theory - Global Geography</i></b>	
20	10/30	<i>Japan:</i> <u>Population</u> : The most advanced collapse on earth.	NA
21	11/4	<i>Discuss Midterm #2</i>	
22	11/6	<i>The United States (Part 1):</i> <ul style="list-style-type: none"> <li>• 1989 The Fall of the Berlin Wall sets the modern world in motion.</li> </ul>	Chapter 13 (pp. 308-313)
23	11/11	<i>The United States (Part 2)</i> <ul style="list-style-type: none"> <li>• Four themes</li> <li>• <u>Robotic &amp; IT Job Destruction</u>:</li> <li>• Will we work or just play Fortnite?</li> </ul>	NA
24	11/13	<i>The European Union:</i> <ul style="list-style-type: none"> <li>• <u>Globalization</u>: From Bretton Woods to Greece and Brexit</li> </ul>	Chapter 14 (All!)
25	11/18	<i>The European Union: Special Class on the Greek Economic Crisis -- Applying concepts:</i> <ul style="list-style-type: none"> <li>• Balance of Payments Adjustments</li> <li>• The role of Bretton Woods Institutions</li> </ul>	
26	11/20	<i>China:</i> <u>Globalization</u> : Export-Led Growth <ul style="list-style-type: none"> <li>• The Greatest Economic Miracle of All Time:</li> <li>• (Is Democracy Optional?)</li> </ul>	Chapter 17 (All! Covers class 27 as well)
27	11/25	<i>Russia:</i> <u>Declining Real Commodity Prices</u> <ul style="list-style-type: none"> <li>• The Resource Curse – Do We Need to Fear Russia for long?</li> </ul> Is Putin the Luckiest Man Since Ringo Starr?	NA
	11/27	<b>Day Off - Thanksgiving Recovery</b>	
28	12/2	<i>India:</i> (Is Democracy Optional (part 2))	Chapter 17 (All! See class 24)
29	12/4	<i>Capstone Class – Ethical Issues in the Global Economy</i>	
30	12/9	<i>Review and Class Summary</i>	
	12/15	<b>Final Exam: Both Sections 2:15-4:15</b>	