COURSE OBJECTIVE:

This course analyzes topics in international economics, international specialization and comparative advantage, balance of payments and foreign exchange, elements of commercial policy and international investment. Monetary aspects of international economics will be emphasized. Global trade topics are placed in the setting of recent international developments such as the European Union and NAFTA. The recent Asian economic and financial crisis with its impact on world financial markets is reviewed and analyzed in detail. The role of the International Monetary Fund and the World Bank as global institutions whose goal is to provide global financial stability is evaluated and the need to design a new global monetary system is also investigated.

SKILLS' DEVELOPMENT:

Skills developed in this course include analytical and creative thinking, communication and team-work. The first half of the course will give the opportunity to students to review several causes of world trade in the form of economic models. These analytical skills will help students in their professional careers as they evaluate trade opportunities for their firms. Students will be encouraged to form teams to study several homework problems, to trade foreign currencies and also to write a paper. This will encourage the development of team-work and written communication skills. During the class discussions, numerous key questions will be presented and students will have the opportunity to reflect and express creative ideas.

INTEGRATION:

The class lectures, discussions, homework assignments, term paper and currency trading are designed to emphasize the interrelationships among all the functional areas. When discussing models of comparative advantage and specialization we also relate to production and operations management. When we discuss trade policies, decreasing longrun costs and dumping we relate these concepts to strategic management. Export oriented decisions naturally involve international marketing. Furthermore, exchange rate dynamics and fluctuations lead to discussions about the role of corporate finance and international standards of accounting. Cultural and international business ethics topics are introduced when we discuss the various integration schemes such as the European Union and NAFTA.

TEXTBOOK REQUIRED:

TOPICS AND ASSIGNMENTS:

Week | Topic | Chapters
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1 | Introduction | 1, 2
2 | The Specific Factor Model | 3
3 | The Standard Trade Model | 4, 5, 6
4 | International Trade Policy | 8, 9
5 | EU and NAFTA | 10, 11
6 | Mid-term Examination | 
7 | Foreign Exchange Market | 12, 13
8 | Money, Interest Rates, Output and Exchange Rates | 14, 15, 18
9 | Global Monetary System and World Capital Markets | 19, 20, 21
10 | Final Examination | 

GRADING:

Course grading will be determined on the basis of a midterm and a final exam each worth 100 points and having an equal weight of 50%. The midterm is scheduled for the sixth week of the term on October 2, and the final is scheduled for the last day of classes on November 5. Extra credit of a maximum of 10 bonus points can be earned by doing 5 optional homework assignments each worth 1 point and/or writing a short term paper worth 5 extra credit points.

The research paper may be written by a team of 3 to 5 students on the topic “Doing business globally”. To get maximum benefit from the course, students should select a research topic that is relevant to their firms. Full time students may select a firm they would like to work for. Some key questions to guide the research are: Does my firm trade globally? What products and with what countries? Is there a well-documented trade strategy? What is the firm's comparative advantage? List and discuss successes, difficulties and failures in doing business globally. How have foreign currency fluctuations been handled? What are the recent trends between the Dollar, the Euro and the Yen? Did the Asian financial crisis discourage trade with this region? Does your firm do business with China, Europe or Latin America? What opportunities and what obstacles exist in trading with these regions? Further details of the content of the paper will be given during the course presentation. The paper is due one week before the final exam. The paper should be about 10 pages long with double line spacing and numerous references.

A third opportunity to earn extra credit is to make a minimum of 7 trading decisions for three global currencies such as the Yen, Euro, or the British pound. Details will be presented in class.

Course grades will be assigned to the following scale:

- 180 - 200 = A
- 170 - 179 = B+
- 160 - 169 = B
- 150 - 159 = C+
- 140 - 149 = C