
Instructor: Alex Hittle
Office Hours: By Arrangement
E-mail: aahittle@hawaii.edu

W-F: 10:30-11:45
Location: G-103

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 global regions and particular case studies. Ultimately the class should enable students to think, in a structured fashion, about the following question: How do nations best arrange their trade and financial arrangements with the rest of the world?

Textbook and Materials:


Computer Access: I assume all students have access to a computer and the internet. If that is not the case for you, please inform me.

Grading Structure:

Midterm one: 20%
Midterm two: 20%
Final: 30%
Issue Briefing: 20%
Attendance: 10%

The midterms will be on the material from the topics presented in Part I and then Part II of the course. The final will be cumulative. Exams will include quantitative problems with point answers as well as short answer problems. Calculators will be permitted.

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.
I believe that attendance is important. You will receive full credit for attendance if you come to all the classes, or, if you alert me ahead of time that you can’t make a class - a brief e-mail will do.

Make-up exams can only be made under unusual circumstances. If there is a reason you cannot take an exam, you must make arrangements before the exam. Unless approved in advance, no make-up exam will be given.

**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”.
## Class Schedule:

### PART I: INTRODUCTION AND THE MICROECONOMIC ANALYSIS OF TRADE

### August

**Class 1: 8/24/16 – Introduction:**
- Course structure
- Main themes

**Class 2: 8/26/16 – Globalization and the Disasters**
- Quick Review of Supply and Demand Curves
- Edwardian Europe and the gold standard
- Depression and War

**Class 3: 8/31/16 – After the Disasters**
- The Bretton Woods System
- The World Bank
- The IMF
- Dollar/Gold standard

### September

**Class 4: 9/2/16 – Trade – Microeconomic Approach**
- Adam Smith – Absolute Advantage
- David Ricardo – Comparative Advantage

**Class 5: 9/7/16 – Gains from Trade**
- Heckscher-Ohlin
- Stolper-Samuelson

**Class 6: 9/9/16 – Beyond Comparative Advantage**
- Economies of Scale
- Economic ‘Clusters’
- Industrial Policy

**Class 7: 9/14/16 – Theory of Tariffs and Quotas**
- Tariffs
- Quotas

**Class 8: 9/16/16 – Commercial Policy**
- Justifying tariffs and quotas

**Class 9: 9/21/16 – Labor and Environment Standards**
- Problem sheet #1 handed out

### Reading:

None

Chapter 1

Chapter 2

Chapter 3

Chapter 4

Chapter 5

Chapter 6

Chapter 7

Chapter 8
Class 10: 9/23/16 Problem Sheet Review

Class 11: 9/28/16 Midterm #1

PART 2: INTERNATIONAL FINANCE: THE MACROECONOMIC THEORY, TRADE AND FINANCIAL FLOWS

Class 12: 9/30/16 Balances of Trade and Payments
- Review midterm
- Balance of Trade
- Balance of Payments
- Fixed vs. floating rates

Chapter 9

October:

Class 13: 10/5/16 Exchange Rates
- Purchasing power parity
- Covered interest arbitrage

Chapter 10

Class 14: 10/7/16 Open Economy Macroeconomics
- Fiscal Policy
- Monetary Policy
- The ‘J’-Curve

Chapter 11

Class 15: 10/12/16 Bonus Class! The Coming Japanese Crash?
- Kyle Bass’ critique

TBD

Class 16: 10/14/16 International Financial Crises
- Bank crashes
- Currency Crashes
- Debt Crashes

Chapter 12

Class 17: 10/19/16 Bonus Class! The 2008 Crash
- Securitization
- Credit Default Swaps
- Globalization
- Problem Sheet #2 handed out

TBD

Class 18: 10/21/16 Problem Sheet Review

Class 19: 10/26/16 Midterm #2
PART 3: APPLYING THEORY – GLOBAL GEOGRAPHY

Class 20: 10/28/16 The United States Chapter 13
- Midterm review
- The decline (?) of American Manufacturing

November:

Class 21: 11/2/16 The United States and Mexico Chapter 13
- NAFTA
- Migration

Class 22: 11/4/16 The European Union Chapter 14
- From coal and steel to the Euro

Class 23: 11/9/16 Bonus Class! Election Impact Discussion TBD
- The Trans Pacific Partnership (TPP)

< No class: 11/11/16 – < Veterans’ Day >

Class 24: 11/16/16 Bonus Class! Greek Tragedy TBD

Class 25: 11/18/16 Latin America Chapter 15
- Import Substitution
- Populism and neo-liberalism

Class 26: 11/23/16 East Asia Chapter 16
- Export-oriented growth

< No class: 11/25/16 – < Thanksgiving Recovery Day >

Class 27: 11/30/16 The BRICs #1 China Chapter 17
- The greatest economic miracle of all time

December:

Class 28: 12/2/16 The BRICs #2 India, Russia, Brazil Chapter 17
- Potential miracles?

Class 29: 12/7/16 Review and Summary

Final Exam: 12/16/16 @ 9:45 – 11:45