International Financial Environment

COURSE NUMBER: BADM 2201.15 (96615) SEMESTER: Spring 2014

COURSE DESCRIPTION: This course is a fast-paced survey of concepts and current issues in international trade and finance. It provides students with a foundation for assessing how the international economic and financial environment affects corporate activities. The topics covered include the following:
- Theory of International Trade (why countries trade),
- Commercial Policy (government interventions in trade),
- Balance of payments,
- Foreign Exchange Market,
- International Parity Conditions,
- Exchange Rate Regimes and financial crises.

PREREQUISITES: ECON1011 AND ECON 1012 Principles of Economics

PROFESSOR: Dr. Yan Wang, Adjunct Professor, International Business

CLASS MEETING TIME AND PLACE: MW 3:45-5:00pm (1st day of class: March 17 2014) Funger 208 (March 6-April 28 2014)

OFFICE: 2201 G St. NW, Funger Hall 204, Washington DC 20052. Tel: (202) 994-7355, Fax (202) 994-7422, Email: yanwang2@gwu.edu [The best way to reach me]

OFFICE HOURS: MW 2:30-3:30pm (from March 17- April 30)

You also need to read a business newspaper such as *The Wall Street Journal* or *Financial Times*. A subscription to the Wall Street Journal is affordable with student prices and includes three formats: the print copy, the online version at wsj.com, and the mobile reader for a smartphone app. Basic information on student subscription is available at [http://wsjstudent.com](http://wsjstudent.com).

If you are interested in a subscription for 10 weeks ($19.95), or for 26 weeks ($49.95) or a full year ($99.95), the specific link is [http://professor.wsj.com/info/2010/07/16/student-ordering-options/](http://professor.wsj.com/info/2010/07/16/student-ordering-options/).

If you are interested in a subscription for 15 weeks ($29.95), or for 26 weeks (49.95) or a full year ($99.95), the specific link is [https://buy.wsj.com/shopandbuy/order/subscribe.jsp?pld=27900076](https://buy.wsj.com/shopandbuy/order/subscribe.jsp?pld=27900076).

If you are interested in subscribing The Economist, a student discount of 78% is available at this link: [https://www.economistsubscriptions.com/semstudent/us/?off2on_login_url=/banners&off2on_code=CZQ22&search_engine=GOO](https://www.economistsubscriptions.com/semstudent/us/?off2on_login_url=/banners&off2on_code=CZQ22&search_engine=GOO).

**LEARNING OBJECTIVES**
On completion of the course, students should be able to:

- Discuss current events and major developments in the world economy;
- Exhibit knowledge of the economic and financial environment faced by multinational corporations;
- Analyze the different ways in which governments intervene in trade, and
- Discuss the exchange rate regimes across the world.

**PEDAGOGY:**
This class is mainly lecture driven. Teaching materials will include power point slides, white board discussion and sometimes video clips. In most class sessions, power points will be posted on Blackboard. It will be the student’s responsibility to download the relevant power point handouts for that day’s class from the Blackboard. Students are expected to check the course website regularly before and after each class. Some class materials will require the student to have access to an electronic media player, such as RealPlayer (free download available at [http://www.real.com/](http://www.real.com/)) Please make sure you get access to this early in the semester so that you can access the radio and video segments that are required class preparation materials.

Please bring a calculator to every class. Sharing of calculators is not encouraged. **You will NOT be allowed to share calculators on the exam. Cell phones are NOT allowed during quizzes and exams.**
GRADING:
In-class quizzes/hws 10%
Exam I 30%
Exam II 40%
Class attendance and participation 20%
Total 100%

Exams (70%)
Exam I will be held during class hour on **Monday April 7, 2014**. Exam II is scheduled for **May xxxx?, from 3:00-5:00pm ???? (classroom to be announced)**. No make-up exams will be given for either of the exams. So please block these dates out at the beginning of the class and make sure you are present to take the exams. The exams will consist of (1) multiple choice questions, (2) numerical problems with graphs and (3) essay-type questions. They will cover materials from lectures, assigned readings and in-class discussions. Please bring a calculator for the exams.

For both exams and class discussions, you must keep up with current events by reading up on the articles posted on Blackboard and reading the Financial Times or Wall Street Journal.

In-Class Quizzes (10%)
These quizzes will be given in class with no advanced notice on the last lectures and required reading chapters, consisting of multiple choices and numerical problems.

Class Participation (20%) will be based on attendance, contribution to class discussion, and responses to questions asked in class. Class preparation and participation is an absolute must. Without these, your own learning and that of your classmates will be adversely affected. The course is mainly lecture driven and so attendance is strongly advised. More than three documented absences will negatively affect your grade. I will evaluate general class participation based on attendance, student’s contribution to lecture discussions, and responses to questions asked in class and this will be a factor in deciding final grades, especially in borderline cases.

Homework: Throughout the semester, there may be a few homework assignments that are not going to be graded. These assignments are designed to give you practice with the types of calculations and concepts that are important to a proper understanding of the materials of the course. Similar problems and concept questions will appear on exams.

OTHER COURSE POLICIES
Laptops: may be used only when required. When not in direct use, the screen should be closed. Checking email or surfing the web is not acceptable.
Academic dishonesty: is defined as cheating of any kind. A full discussion of academic integrity can be found at [http://www.gwu.edu/7entegrity/code.html](http://www.gwu.edu/7entegrity/code.html). Academic dishonesty of any kind will not be tolerated in this class.

Student Disabilities
Any student who feels s/he may need an accommodation based on the impact of a disability should contact the instructor privately to discuss specific needs. Please contact the Disability Support Services office at 202-994-8250 in the Marvin Center, Suite 242, to establish eligibility and to coordinate reasonable accommodations. For additional information please refer to: [http://gwired.gwu.edu/dss/](http://gwired.gwu.edu/dss/).

Office Hours
Please take advantage of my office hours. Feel free to stop by to discuss topics discussed in class, career choices, or just to introduce yourself and chat. If you are not on campus during my office hours you are welcome to send me an email and set up an appointment. Please do not wait till the end of the semester if you are having problems in the class or outside that may prevent you from coming to class or paying attention.
TENTATIVE SCHEDULE

<table>
<thead>
<tr>
<th>#</th>
<th>DATE</th>
<th>TOPICS</th>
<th>PREPARATION MATERIALS (Additional materials will be posted on Blackboard)</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>17-March</td>
<td>Introduction and Overview: The World Economy</td>
<td>Textbook Reading: Chapter 1, Preview Chapter 2, and OECD study on “Looking into 2060” <a href="http://www.oecd.org/eco/lookingto2060.htm">http://www.oecd.org/eco/lookingto2060.htm</a></td>
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<td>2</td>
<td>19-March</td>
<td>Partial Equilibrium Analysis of International Trade</td>
<td>Textbook Reading: Chapter 2 and preview Chapter 3</td>
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<td>3</td>
<td>24-March</td>
<td>International Trade and Comparative Advantage</td>
<td>Textbook Reading: Chapter 3 and 4 on Heckscher-Ohlin theory, and Chapter 5. Preview chapter 8 and 9.</td>
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<td>4</td>
<td>26-March</td>
<td>Trade Policies (In-class quiz)</td>
<td>Textbook Reading: Chapter 8, “Analysis of a Tariff”, and Chapter 9 “Nontariff Barriers to Imports”. Preview Chapter 11 and 12.</td>
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<td>5</td>
<td>31-March</td>
<td>WTO and FTA, and Starting on BoP</td>
<td>Textbook reading: Chapter 11, and 12 on Trading Blocs. Preview Chapter 16.</td>
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<td>6</td>
<td>2-April</td>
<td>BoP: Definition and Basic Structure</td>
<td>Textbook Reading: Chapter 16, “Payments among Nations,” Appendix E. pp. 685-688</td>
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<td>7</td>
<td>7-April</td>
<td>EXAM I</td>
<td>Funger Hall 208. Class time Preview Chapter 17.</td>
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<td>8</td>
<td>9-April</td>
<td>FX Market</td>
<td>Textbook Reading: Chapter 17, Please read the entire chapter. Preview Chapter 18</td>
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<td>9</td>
<td>14-April</td>
<td>International Parity Conditions</td>
<td>Textbook Reading: Chapter 18 pages 422-438</td>
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<td>10</td>
<td>16-April</td>
<td>International Parity Conditions (continued)</td>
<td>Textbook Reading: Chapter 18, pages 422-438. Preview Chapter 19</td>
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<td>13</td>
<td>28-April</td>
<td>International Lending and Crises</td>
<td>Guest Speaker from the IMF/World Bank</td>
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<td>14</td>
<td>30-April</td>
<td>Designated Monday</td>
<td>Review session</td>
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<tr>
<td>15</td>
<td>xx-May??</td>
<td>EXAM II</td>
<td>3:00-5:00pm, classroom to be announced</td>
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Please see Blackboard for additional readings for each class. Any changes to the schedule will be updated on Blackboard as well.