DEPARTMENT OF INTERNATIONAL BUSINESS

COURSE: IBUS 3101 section 10 FALL 2015

COURSE TITLE: GLOBAL FINANCIAL ENVIRONMENT

COURSE DESCRIPTION: To assess the international economic, trade and financial environment in which the global business operates and to discuss the latest developments in the international monetary and financial system. To afford a foundation for BBA students in assessing international economic, trade and financial developments as they affect corporate international business activity. This course provides an international finance-economics oriented alternative to IBUS 3001 (IBUS 3001 which emphasizes marketing and strategy).

CLASS MEETING TIME: Tuesday: 12:45pm-3:15pm @ Duques #652

PROFESSOR: Dr. Scheherazade S. Rehman
GW Dean’s Professorial Fellow of International Finance
Director, World Executive MBA with Cyber-Security (GWSB)
Director, European Union Research Center
Professor of International Finance (GWSB) & Professor of International Affairs (ESIA)

HOMEPAGE:www.scheherazaderehman.com
Twitter: @Prof_Rehman

Office hours: Thursday 1:30pm-3:30pm and any other time by appointment only.
Office location: International Business Dept.; Funger Hall #401E
Tel: 994-6813    Fax: 994-7422    e-mail: rehman@gwu.edu
**Learning Goal:** Students will understand the complexities of the economic development, financial markets, and political environments as they impact business in a global economy.

**Objective: Students will be able to:**
1. Identify the challenges of operating in a global environment within the global financial market
2. Exhibit knowledge of the major global economic and financial environment faced by multinational organizations
3. Demonstrate appropriate responses to differences in a global economy between various major political-economy and financial systems

**Mandatory Required Readings:**


(b) Set of Readings for The Global Financial Environment (class readings package – will be uploaded to blackboard)

(c) All students will be responsible for keeping up with current developments by reading the Financial Times and Wall Street Journal i.e. they are mandatory.

(d) Up-to-date additional readings will be given out in class during the semester. These readings are from publications of the US Government, IMF, World Bank, OECD and magazines/newspapers such as the Economist, Financial Times, Wall Street Journal, Euromoney, etc.

**Recommended Reading (go on their websites and check them out):**
- BIS Annual Report, latest online.
- IMF, World Development Outlook, April 2015
- World Bank Development Report 2015

**Method of Instruction:** Lecture, Discussion, Readings and Assignments. The primary instrument of instruction will be a 2 hour & 15 minute lecture once a week. **BLACKBOARD will be used to inform students about class updates including assigned reading materials and lecture notes. Please check it regularly.**

**Assignments:** Please see Syllabus. All assignments will be handed-out at the beginning of the course. If you miss a class you are responsible for all materials and assignment announcements.
METHOD OF GRADING: 50% of the grade will be individual and 50% in group teamwork:

(a) Group Paper Project = 35%
(b) Group Peer Evaluation = 5%
(c) Group in class Presentation/Activity = 10%
(d) 6 Quizzes (only 5 count as you can drop the lowest one) = 50%

***** VERY IMPORTANT *****

1. YOU WILL FAIL MY CLASS IF YOU DO NOT ATTEND CLASS. Students are NOT ALLOWED to tape (video or audio) the lecture. If you tape the lecture the professor has the right to ask you to leave the class permanently for the whole semester and not participate in the class or for any out-of-class and in-class assignments. As a result you will receive a grade of “F” for this class.

2. YOU ARE RESPONSIBLE FOR ALL THE ASSIGNMENT INSTRUCTIONS THAT ARE WRITTEN IN THIS SYLLABUS AND ANNOUNCED IN CLASS. If assignment instructions (oral and written) are not adhered to, you will receive a grade of “F” for that assignment.

3. ALL LATE ASSIGNMENTS WILL BE DOWNGRADED HALF A GRADE FOR EACH HOUR (or a fraction of an hour) THAT PASSES THE DUE DATE AND TIME. All assignments are due at the beginning when stated in the syllabus. All required assignments must be turned in...in order to receive a final class grade. Not participating in mandatory exercises and not turning in all required assignments will result in a grade of “F” for the class grade.

4. CHEATING (IN-CLASS OR PLAGIARISM OF ANY SORT) WILL ABSOLUTELY NOT BE TOLERATED. Any violation of the university student honor code will result in an automatic “F” and full prosecution under university law, student affairs and could result in dismissal from the university. This Professor is very serious about this.

5. DISABILITY SERVICES: Any student who feels s/he may need an accommodation based on the impact of disability should contact the Primary Instructor or the Professors privately to discuss specific needs. Please contact the Disability Support Services office to establish eligibility and to coordinate reasonable accommodation. For additional information please refer to: http://gwired.gwu.edu/dss/. ANYONE REQUIRING THIS SERVICE MUST CONTACT AND REQUEST THIS SERVICE FROM THE PROFESSOR BEFORE THE FIRST CLASS STARTS. This request must be accompanied by the appropriate documentation.

6. ACADEMIC INTEGRITY: Students conducts themselves appropriately and all work in this course must be in accordance with The George Washington University Code of Academic Integrity.
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<thead>
<tr>
<th>DATES</th>
<th>CLASS TOPICS</th>
<th>READINGS</th>
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<tr>
<td>WEEK 1</td>
<td>9/1/2015</td>
<td><strong>Introduction to the Global Economy</strong>&lt;br&gt;Introduction to the Course &amp; Understanding New Global Risks; Introduction to the Political Economy, Definitions of Key Financial and Economic Terms; Basic World Economy Data</td>
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<td>WEEK 2</td>
<td>9/8/2015</td>
<td><strong>Summary of Post-WWII Stages of the World Economy:</strong>&lt;br&gt;Evolution of the International Monetary System; Bretton Wood System, Role of the International Monetary Fund (IMF) and the World Bank; Major Developments in the Current International Economic and Financial Environment</td>
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<td>WEEK 3</td>
<td>9/15/2015</td>
<td><strong>Understanding Productivity</strong> (and Wage Relations/Cost of Labor-Unemployment)</td>
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<td>WEEK 4</td>
<td>9/22/2015</td>
<td><strong>Why Some Economies Develop and Others Don't:</strong> Various Models and Theories of Different Economic Development Models &amp; International Trade (goods and services) and Comparative Advantage (Classical versus Dynamic): Adam Smith, Torrens, Ricardo, Mill, Heckscher-Ohlin, East Asian Growth Model, Porter's Diamond, Paul Krugman, Development Theories (Jeffery Sachs, etc)</td>
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<td>WEEK 5</td>
<td>9/29/2015</td>
<td><strong>Gains from International Trade:</strong> Why Nations Trade? Comparative Advantage and Factor Endowments</td>
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<td>WEEK 6</td>
<td>10/6/2015</td>
<td><strong>What is the Balance of Payments (BOP) and why is it so important?:</strong> Implications for the National Economy; Impact of Saving/Investment, Impact of Exchange Rates on BOP; Impact of Monetary and Fiscal Policies for BOP Equilibrium, <strong>What is the World Trade Organization and GATT?</strong> Commercial/Trade Policy, Government Intervention in Trade: Tariffs &amp; Non-tariff Barriers; Global Trade Rounds, Regional Trade Agreements</td>
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<td>WEEK 7</td>
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<td><strong>Understanding Globalization:</strong> Global Competitiveness and Strategic Alliances; Global Corporate Governance</td>
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<td>WEEK 8</td>
<td>10/20/2015</td>
<td><strong>IMF, World Bank, Regional Development Banks</strong></td>
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<td>WEEK 9</td>
<td>10/27/2015</td>
<td><strong>Types of Exchange Rate Regimes:</strong> International Capital Markets; Role of Governments in Financial Markets; Monetary and Fiscal Policy</td>
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<td><strong>Foreign Exchange Markets:</strong> Exchange Rates: Brief Introduction to Foreign Exchange Derivatives and World's Currencies: US$, euro, SDR, Chinese Renminbi</td>
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<td>WEEK 10</td>
<td>11/3/2015</td>
<td><strong>Role of Central Banks in the World Economy</strong></td>
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<td>Week</td>
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<td>11</td>
<td>11/10/2015</td>
<td><strong>Country Risk and Foreign Direct Investments</strong>; Industry Characteristics And Global Strategy; Comparative Advantage and Factor Endowments; The MNE Organization; MNE Entry Mode and Trade Financing Methods</td>
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<td><strong>How well is an economy doing?</strong> Measuring the External Economic Position of an Economy; Assessment of Economic, Financial and Political Cross-Border Risk; Overview of Trade and Investment Patterns between Regional Blocs: NAFTA, Latin America, Pacific Basin, China, EU, CEE, and FSU; Overview of Systemic Differences in Key-Country/Regional Blocs;</td>
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<td><strong>Understanding and evaluating the risk of investment in emerging markets in 2015 and beyond.</strong> Trends in the South-East Asia, Latin America, Near/Middle East emerging markets in 2015. BRIC future? Role and Prospects for Regional Development Banks, BRIC Development Bank? New Asia Infrastructure Investment Bank?</td>
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<td><strong>INTERNATIONAL FINANCIAL ENVIRONMENT: SPECIAL CURRENT EVENT TOPICS</strong></td>
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<td>12</td>
<td>11/17/2015</td>
<td><strong>Major International Financial Crises:</strong> Causes and Implications; Global Financial Crisis of 2008+; Eurozone Financial Crisis: Causes and Policy Measures</td>
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<td>13</td>
<td>11/24/2015</td>
<td>Continued…</td>
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<td>14</td>
<td>12/1/2015</td>
<td><strong>Major Developments in the Current International Economic and Financial Environment:</strong> The Growth of Islamic Finance &amp; Middle East Financial Centers. The politics and economics of Middle East economies &amp; Oil</td>
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<td>15</td>
<td>12/8/2015</td>
<td>Class Discussion on the <strong>Future of International Finance</strong></td>
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MANDATORY CHAPTER READING

FOR


TOPICS:

I. **Introduction to the World Economy**: Chapter 1

II. **The International Economic System**: Chapters 2, 3, 4, & 7
   - **Balance of Payments**: Chapters 9

III. **The International Financial System**: Chapters 10, & 11

IV. **Foreign Direct Investment & Country Risk Assessment**: Chapter 15, 16, & 17

V. **Special Current Event Topics For The International Financial Environment**: Chapter: 12, 13, & 14

NOTE: Chapters 5, 6 and 8 are OPTIONAL.