

USC Marshall

School of Business

FBE 462 – International Trade, Finance, and Commercial Policy Course Syllabus Spring 2018

Class Lectures: TuTh 4:00-5:50pm
Instructor: M. Safarzadeh
Class number: 15374
Classroom: JFF 236
Office Hours: TuTh 11:00-12:00 and by appointment.
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Online communication regarding this course will be via Blackboard.

Course Objectives

International trade has played a very important role in the growth of global economy. It has enabled the countries to grow economically, adopt new technologies, and improve the overall economic welfare of their citizens. Although the motives behind economic activities of individuals and firms in the context of domestic and international transactions are the same, international trade introduces some new and different set of concerns. Even though trade between two countries benefits trading partners, it does not benefit all in each country. This has made the field subject of continuous economic and political debates. Economists, politicians, businesses, and labor unions hold strong and opposing views on several issues related to international trade. This course uses the same fundamental methods of analysis employed in other branches of economics to provide you with an analytical framework for the study of international trade and international finance. We will study why countries trade with each other, what are the gains from trade, debate on globalization, free trade agreements, the U.S. current account deficit, determinants of exchange rates, European integration, and the debate on global trade and financial institutions.

Learning Objectives

By the end of the course you should be able to:

- (1) assess which proposed trade policies are likely to harm or help your business.
- (2) assess which proposed trade policies are likely to harm the country's economy, and why such policies might have been proposed.
- (3) understand the effect that domestic and foreign tariffs have on the competitiveness of businesses.
- (4) assess which policies here and abroad constitute non-tariff trade barriers.
- (5) understand the effect that world trade organizations (like the WTO and EXIM banks) have on the competitiveness of businesses.
- (6) assess the effect that various regional or bilateral trade agreements have on the competitiveness of businesses.
- (7) understand how the foreign exchange market functions, and the risks and pitfalls involved.
- (8) understand what macroeconomics can tell us about the budget deficit, trade deficits and international borrowing.
- (9) understand and predict what can happen with alternative foreign exchange policies, and how these policies can affect the economy.

Course Materials

Economics at this level uses numbers, graphs, and equations to communicate economic theories and concepts. Although I will minimize the use of mathematics in teaching this course, there is no way to avoid the use of numbers, graphs, and mathematical relations in the teaching process. Therefore, I will assume that students are familiar with line graphs (time-series plot), bar graphs, descriptive statistics, data transformation, and mathematics of average change and marginal change. The textbook for this course is *International Economics*, 16th edition by Thomas A. Pugel, McGraw Hill Education, 2016, ISBN: 978-007-8021770. This textbook is to serve as the point of departure for lectures and some assignments and tests. In addition, all the lecture notes will be posted as PowerPoint

files in Blackboard. You are also required to follow the current international trade and finance news in the media and see how they relate to the economic theories covered in the class. The two sources that I would recommend for finding up-to-date economic news with a fairly accurate economic analysis are *Wall Street Journal* and *The Economist*. From time to time, class will be conducted in a discussion format. Students are required to participate in the discussions. Regardless of which format is employed, questions and comments are encouraged.

Course Grading

Class attendance	5%
Four Quizzes (2.5% each)	10%
Class presentation and report	15%
Midterms (each 20%)	40%
Final Exam	30%

Class Attendance

To familiarize myself with your names, each class meeting, I will call the names of a few students randomly. Students who receive two “no shows” during the random call will lose 5% attendance credit, unless they provide a legitimate excuse for missing the classes that can be documented and verified.

Quizzes

There will be four quizzes, each worth 2.5% of the course grade. The quizzes will consist of multiple-choice questions, short essay type questions, and problem solving. Quizzes will be a good practice and a good lead for the type of the questions that you will have in the tests. Part of the questions in the mid-term and final exams will be similar to the questions in quizzes and the questions in “Test Yourself” files, posted in the course site. I highly recommend that you read those questions, answer them, and check your answers with the correct answers posted in Blackboard.

Course Project and Report

You are required to join with others in a group of three students, select one of the international trade or finance topics listed below or a topic of your own interest, do research on the topic and present your research in the class. The presentation should be no longer than ten minutes followed with a five-minute discussion led by the group. The presentation is worth 15% and will be graded based on your knowledge of the subject matter, use of the economic concepts and tools in critically analyzing the subject, suggesting alternatives approaches, and the group's preparation and performance. You should submit one-page abstract containing the names of the group members, the topic of interest, and the date of the presentation no later than the second week of the semester. Once the presentation is done, students should submit a typed summary of the research with analysis and critics. Some of the suggested topics are: Trade and economic growth, trade deficit with other countries a historical review, Trade deficit with European countries, Japan, China, and Korea, trade embargoes and their effectiveness, Euro crisis, International trade and domestic jobs, US trade partners a historical review, trade barriers and their effect on the economy, the international value of dollar, politics of trade, trade unions, world trade organizations, and government interventions in exchange market.

Midterm Exam

There will be two tests during the semester. Each midterm will be worth 20% of the course grade. Once a midterm exam is conducted no makeup exam will be given. If you miss the midterm for any reason other than medical emergency, a score of zero will be assigned to the midterm. If you miss a midterm on account of a proven medical emergency, a make-up test should be requested and the test should be taken in no more than a week after the Midterm.

Final Exam

The final exam will be comprehensive but will emphasize the material covered after the second test. The final will be worth 30% of the course grade and will have a combination of multiple-choice and short essay / problem questions. If you miss the final exam for a medical emergency reason that can be documented and verified, there will be a makeup final to be arranged as soon as possible. Otherwise, a grade of zero will be assigned to the final exam. All the tests in this course are closed notes, closed book, open mind.

Academic Conduct and Support Systems

USC seeks to maintain an optimal learning environment. Students are expected to submit original work. They have an obligation both to protect their own work from misuse and to avoid using another's work as their own. All students are expected to understand and abide by the principles of academic honesty outlined in the University Student Conduct Code (see University Governance, Section 11.00) of SCampus (www.usc.edu/scampus or <http://scampus.usc.edu>). The recommended sanctions for academic integrity violations can be found in Appendix A of the Student Conduct Code.

Students with Disabilities:

USC is committed to making reasonable accommodations to assist individuals with disabilities in reaching their academic potential. If you have a disability which may impact your performance, attendance, or grades in this course and require accommodations, you must first register with the Office of Disability Services and Programs (www.usc.edu/disability). DSP provides certification for students with disabilities and helps arrange the relevant accommodations. Any student requesting academic accommodations based on a disability is required to register with Disability Services and Programs (DSP) each semester. A letter of verification for approved accommodations can be obtained from DSP. Please be sure the letter is delivered to me (or to your TA) as early in the semester as possible. DSP is located in GFS (Grace Ford Salvatori Hall) 120 and is open 8:30 a.m.–5:00 p.m., Monday through Friday. The phone number for DSP is (213) 740-0776. Email: ability@usc.edu.

Support Systems:

Student Counseling Services (SCS) - (213) 740-7711 – 24/7 on call

Free and confidential mental health treatment for students, including short-term psychotherapy, group counseling, stress fitness workshops, and crisis intervention. <https://engemannshc.usc.edu/counseling/>

National Suicide Prevention Lifeline - 1-800-273-8255

Provides free and confidential emotional support to people in suicidal crisis or emotional distress 24 hours a day, 7 days a week. <http://www.suicidepreventionlifeline.org>

Relationship & Sexual Violence Prevention Services (RSVP) - (213) 740-4900 - 24/7 on call

Free and confidential therapy services, workshops, and training for situations related to gender-based harm.

<https://engemannshc.usc.edu/rsvp/>

Sexual Assault Resource Center

For more information about how to get help or help a survivor, rights, reporting options, and additional resources, visit the website: <http://sarc.usc.edu/>

Office of Equity and Diversity (OED)/Title IX compliance – (213) 740-5086

Works with faculty, staff, visitors, applicants, and students around issues of protected class. <https://equity.usc.edu/>

Bias Assessment Response and Support

Incidents of bias, hate crimes and micro-aggressions need to be reported allowing for appropriate investigation and response. <https://studentaffairs.usc.edu/bias-assessment-response-support/>

Student Support & Advocacy – (213) 821-4710

Assists students and families in resolving complex issues adversely affecting their success as a student EX: personal, financial, and academic. <https://studentaffairs.usc.edu/ssa/>

Diversity at USC – <https://diversity.usc.edu/>

Tab for Events, Programs and Training, Task Force (including representatives for each school), Chronology, Participate, Resources for Students.

Emergency Preparations

This section is recommended but not a syllabus requirement. Here is some suggested language. “In case of an emergency if travel to campus is not feasible, the USC Emergency Information web site (<http://emergency.usc.edu/>) will provide relevant information, such as the electronic means the instructors might use to conduct their lectures

through a combination of USC's Blackboard learning management system (blackboard.usc.edu), teleconferencing, and other technologies."

Incomplete Grades

A mark of IN (incomplete) may be assigned when work is not completed because of a documented illness or other "emergency" that occurs after the 12th week of the semester (or the twelfth week equivalent for any course that is scheduled for less than 15 weeks).

An "emergency" is defined as a serious documented illness, or an unforeseen situation that is beyond the student's control, that prevents a student from completing the semester. Prior to the 12th week, the student still has the option of dropping the class. Arrangements for completing an IN must be initiated by the student and agreed to by the instructor prior to the final examination. If an Incomplete is assigned as the student's grade, the instructor is required to fill out an "Assignment of an Incomplete (IN) and Requirements for Completion" form (<http://www.usc.edu/dept/ARR/grades/index.html>) which specifies to the student and to the department the work remaining to be done, the procedures for its completion, the grade in the course to date, and the weight to be assigned to work remaining to be done when the final grade is computed. Both the instructor and student must sign the form with a copy of the form filed in the department. Class work to complete the course must be completed within one calendar year from the date the IN was assigned. The IN mark will be converted to an F grade should the course not be completed.

Course Outline

The following course outline will be followed in a lecture format, but with sufficient flexibility to alter allotted time and emphasis as questions arise. From time to time, class will be conducted on a discussion format. You are required to follow the economic news in the press and participate in the class discussions. Regardless of which format is employed, questions and comments are encouraged.

Date	Topic & Readings	Activities
<i>Week 1:</i>		
<i>Session 1, 1/9</i>	Introductory Chapter - Review of Economic Principles and Introduction to the Course	
<i>Session 2, 1/11</i>	Introductory Chapter - Market Analysis and Elasticity	
<i>Week 2:</i>		
<i>Session 1, 1/16</i>	Chapter 1- Why International Trade is Different	
<i>Session 2, 1/18</i>	Chapter 2- The Basic Theory of Trade	1/18 - Quiz #1
<i>Week 3:</i>		
<i>Session 1, 1/23</i>	Chapter 3- Why Countries Trade	
<i>Session 2, 1/26</i>	Chapter 4- Factor Availability and Trade	
<i>Week 4:</i>		
<i>Session 1, 1/30</i>	Chapter 5- Who Gains and Who loses from Trade	
<i>Session 2, 2/1</i>	Chapter 6- Alternative Theories of Trade	
<i>Week 5:</i>		
<i>Session 1, 2/6</i>	Chapter 7- Growth and Trade	2/6 - Quiz #2
<i>Session 2, 2/8</i>	Review for Test	
<i>Week 6:</i>		
<i>Session 1, 2/13</i>	Test #1	2/13 – Test #1
<i>Session 2, 2/15</i>	Chapter 8- Analysis of Tariffs	
<i>Week 7:</i>		
<i>Session 1, 2/20</i>	Chapter 9- Nontariff Barriers to Imports	Group 1. Presentation
<i>Session 2, 2/22</i>	Chapter 10- Arguments for and Against Protection	
<i>Week 8:</i>		

<i>Session 1, 2/27</i>	Chapter 11- Pushing Exports	Group 2. Presentation
<i>Session 2, 3/1</i>	Chapter 12 Trade Blocs and Trade Blocks	
<i>Week 9:</i>		
<i>Session 1, 3/6</i>	Chapter 13- Trade and Environment	Group 3. Presentation
<i>Session 2, 3/8</i>	Chapter 14- Trade Policies for developing Countries	
3/11 – 3/18	<i>Spring Recess</i>	
<i>Week 10:</i>		
<i>Session 1, 3/20</i>	Chapter 15- International Factor Movements	3/22 – Quiz #3
<i>Session 2, 3/22</i>	Review for Test	Group 4. Presentation
<i>Week 11:</i>		
<i>Session 1, 3/27</i>	<i>Test #2</i>	
<i>Session 2, 3/29</i>	Chapter 16- Payments Among Nations	Group 5. Presentation
<i>Week 12:</i>		
<i>Session 1, 4/3</i>	Chapter 17- The Foreign Exchange Market	Group 6. Presentation
<i>Session 2, 4/5</i>	Chapter 18- Forward Exchange and International Financial Investment	
<i>Week 13:</i>		
<i>Session 1, 4/10</i>	Chapter 19- What determines Exchange Rate	Group 7. Presentation
<i>Session 2, 4/12</i>	Chapter 22- How Does the Open Macro-economy Works?	
<i>Week 14:</i>		
<i>Session 1, 4/17</i>	Chapter 24- Floating Exchange Rates and Internal Balances	Group 8. Presentation
<i>Session 2, 4/19</i>	Chapter 20- Government Policies toward the Foreign Exchange Market	4/19 - Quiz #4
<i>Week 15:</i>		
<i>Session 1, 4/24</i>	Chapter 23- National and Global Choices: Floating Rates and the Alternatives	Group 9. Presentation
<i>Session 2, 4/26</i>	Review for Final Test	Group 10. Presentation
<i>Week 16:</i>		
Thursday, May 3	<i>Final Test 4:30 – 6:30pm</i>	Final test

