



QUINLAN
SCHOOL of BUSINESS

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ECON 424: International Business Economics Fall 2018

Lecture: Tuesdays 6:00–9:00 pm, Schreiber Center, Room 605

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Office Hours: Tuesdays 4:00–5:30 pm

▪ Course Description

This course analyzes topics in international economics, specialization and comparative advantage, balance of payments and foreign exchange, elements of commercial policy, and international investment. Prerequisites: Econ 420.

▪ Course Overview

Econ 424 is an International Economics course for MBA students. It covers topics in both International Trade and International Macroeconomics. This class equips students with a solid understanding of how an economy operates in the international markets and allows them to engage in the ongoing globalization debate.

▪ Course Objectives and Learning Outcomes

After taking this course, the students will be able to:

- Identify the most important international trade and foreign exchange trends.
- Measure the main international indicators and have a clear knowledge of the structure of balance of payments accounts.
- Analyze the main reasons for why countries trade and the impact of trade on production, prices and welfare.
- Understand why some people gain from liberalized trade while at the same time others are hurt by it, and participate in the globalization debate.

- Determine why countries restrict free trade, what the impact of protectionist measures is and identify the role of the World Trade Organization in promoting freer and smoother trade.
- Develop a simple model to analyze how exchange rates are determined.
- Analyze the causes and implications of the recent crisis in the Eurozone and the United Kingdom's exit from the European Union.

▪ **Required Materials**

Textbook: Feenstra and Taylor. *Essentials of International Economics*. Worth, 3rd edition (2015). The ISBN for the book is 1-4641-5338-8. The textbook is available at the Water Tower Campus University Bookstore and can also be purchased online.

Additional readings: Handouts, class notes and articles from journals and magazines will be posted on the class website in Sakai. In some instances, they might also be distributed in class. The class website will be the most important tool to communicate announcements, materials and anything related to this class. You will be responsible for all material posted in the webpage. Please check it at least once a week.

▪ **Course Requirements and Grading Criteria**

Exams: There will be two short midterm exams (on weeks 3 and 6) and a final exam, held during the final class of the quarter.

As per Quinlan School of Business policy, there will be **no make-up dates** for exams and quizzes. Only under very extreme circumstances (such as an illness verified by a signed physician's note, death in the family, subpoenas, jury duty, military service, bereavement, or religious observance) an exception will be granted.

Group Presentations: Students will form groups of 3-4 members to work on a project that deals with an international trade or international macroeconomics issue. I will provide a list of potential ideas for presentations, but students should not feel limited to pick those topics. However, if a topic falls outside the list, then it must be discussed and approved by me.

Students will make a 20-25 minute presentation of their findings during the final weeks of the quarter. Given that the time for your presentation is limited, you should pick a topic that is narrow and focused. One good way to determine if your topic is narrow and focused enough is if you can formulate it as a question (or questions) that can be written in no more than two lines.

The starting date of the presentations will depend on the number of groups formed, which in turn depends on class enrollment. We will have up to three presentations on the second half of the next-to-last class (October 23, week 9). If there are more than three groups, we will have one additional presentation per class working backwards (for example, if there are 4 groups, presentations will start on week 8, so that there is one presentation on week 8 and three on week 9).

Groups and topics must be formed by September 4 (week 3) at the latest. Groups can notify me of their members and topic either in class or by email. Groups can also choose when they want to present. If two

or more groups want to present on the same date, presentation dates will be decided by a draw. Once presentations dates are determined, they will be considered a commitment and cannot be changed. The schedule of presentations will be posted in Sakai.

Finally, attendance to other groups' presentations is expected. Moreover, presentation grades will be determined jointly by me and the students in the class (a sheet with grading criteria will be circulated and used).

Class Participation: I strongly believe that the best courses are the ones with substantial student input. Thus, you are expected to come to class fully prepared and willing to participate in class discussions. Although the class format is mostly lecture-based, class participation is greatly valued and encouraged, and will make the difference between a good grade and a superior one. Similarly, please feel free to ask questions if my explanations are not clear or if I am covering the material too quickly.

Practice Exercises: Each week I will also suggest a list of exercises that should help you prepare for the exams and quizzes. The exercises will not be graded but will I will post the answer keys on Sakai.

▪ **Grade Distribution:**

| <i>Requirement</i> | <i>Weight</i> | <i>Date</i> |
|---------------------|---------------|------------------------------------|
| Midterm exam # 1 | 20% | September 11 (week 3, in class) |
| Midterm exam # 2 | 20% | October 2 (week 6, in class) |
| Final exam | 30% | October 30 (week 10, in class) |
| Group presentation | 25% | TBD, depending on class enrollment |
| Class participation | 5% | Throughout the quarter |

▪ **Attendance and Classroom Conduct**

Class attendance and participation are fundamental components of learning, therefore punctual attendance at all classes, for the full class meeting period, is expected of Quinlan students.

In the event unavoidable emergencies or conflicts prevent you from attending class, you must notify the instructor and program director by e-mail prior to missing the class, and request options for covering missed material. Most of the subjects in a course are sequential. Therefore, it is important to understand the material covered in the missed class before the next class.

Students are expected to behave in a professional manner, one that does not distract others. Please turn off cell phone ringers while in class and office hours. Laptops and tablets (with muted volume) should only be used for note-taking during class time.

▪ **Academic Integrity**

All members of the Quinlan School shall refrain from academic dishonesty and misconduct in all forms, including plagiarism, cheating, misrepresentation, fabrication, and falsehood. Plagiarism or cheating on the part of the student in individual or group academic work or in examination behavior will result

minimally in the instructor assigning the grade of “F” for the assignment or examination. In addition, all instances of academic dishonesty must be reported to the chairperson of the department involved. For further information about expectations for academic integrity and sanctions for violations, consult the complete Quinlan School of Business Honor Code and Statement of Academic Integrity on the Quinlan website: <http://www.luc.edu/media/lucedu/quinlanschoolofbusiness/pdfs/Honor-Code-Quinlan-July2012.pdf>

▪ **Course Outline**

The outline below is tentative and subject to change depending on class discussion and interest. We will aim to cover one topic per class, but in some instances a topic will require more than one session to finish.

Each topic will be complemented with readings from magazines and journals. In order to keep the readings in line with current events, they will be posted online at the start of the week of the corresponding class session.

Topic 1

Introduction (Notes and Chapter 1)
Balance of payments accounting (Chapter 13)

Topic 2 (Chapter 2)

Technology and trade: the Ricardian model of trade and comparative advantages

Topic 3

Trade and resources: the Heckscher-Ohlin model (Chapter 4)
Winners and losers from trade (Notes)

Topic 4

Instruments of trade policy and barriers to trade (Chapter 7)
The World Trade Organization (Notes)

Topic 5

Exchange rates and the foreign exchange market (Chapter 10)

Topic 6

Exchange rate determination in the long run (Chapter 11)
Exchange rate determination in the short run (Chapter 12, if time permits)

Topic 7

The Eurozone Crisis (Chapter 16 and notes)
Exchange rate crises (if time permits)