

International Economics
Lubin School of Business
Professor Niso Abuaf nabuaf@pace.edu

Course Description and Philosophy

- A. To emphasize the pragmatic applications of theory. Dr. Abuaf, a former Chicago academic with 30 years of Wall Street experience will share his experiences with a wide array of his clients, and will encourage students to comment
- B. To emphasize action learning and cross learning from classmates, we will use case studies, and group projects in addition to lectures
- C. To familiarize students with basic international economic and international finance management concepts
- D. To analyze and discuss current economic and finance trends using sound economic and finance theories
- E. To help students synthesize the theory, the empirical evidence, market color and various other constraints in making pragmatic economic and financial management recommendations
- F. **To have fun** by discussing cases, news articles and events

Course Requirements

1. **Blackboard.** All course announcements and related materials will be posted on the class website on **Blackboard:** <http://blackboard.pace.edu>. Students are required to periodically check the class announcements and course documents on **the Blackboard.**
2. **Textbooks.** The main textbook is Krugman, Paul R., M. Obstfeld, and M.J. Melitz, **International Economics, Theory and Policy**, Ninth Edition, Pearson or tenth edition, **ISBN: 978-0-13-214665-4**. The **Myeconlab** application associated with the Krugman text **is mandatory.** Course id for **myeconlab** is **abuaf75974**. The secondary textbook for the course is: D.K. Eiteman, A.I. Stonehill, and M.H. Moffett, **Multinational Business Finance, Thirteenth Edition**, Prentice Hall, 2013. **ISBN: 978-013-274-3464.**
3. **Attendance and Class Participation.** Regular attendance is an important requirement for successful performance in this course and is mandatory. **For absences exceeding 15% of class time, I maintain the right to fail you in the course.** You are responsible for knowing what occurs in class which may include material not covered in the readings, modifications to the syllabus and announcements concerning exams, homeworks and quizzes. You will also be expected to actively participate in classroom discussion and answer questions that are posed to you.
4. **Current Events.** Follow the current financial and economic events in the media. Get engaged with what is going on in the political, economic, and financial world around you. Try to read the Wall Street Journal, the New York Times, the Financial Times, Business Week, the Economist, Barron's, and other financial and economic publications. Try to watch Bloomberg TV, or CNBC. Try to listen to Bloomberg radio. Bring your observations and thoughts to class, discuss them with your class mates and your professor.
5. **Quizzes.** There may be several in class, unannounced quizzes consisting of questions and problems similar to those covered in class and given as homework. Students could be also asked to explain their homework solutions in class. It is not as important to have a correct solution as it is to demonstrate that you have worked on your homework.

Grades and Grading

Midterm.....	30%
Homeworks.....	30%
Project.....	30%
Class Participation10%

Projects will be graded on four criteria. The first one will be on originality (O), the second one will be on literature survey, or your ability to give contextual validity to the project (L), or put differently the reason as to why you think this project is relevant, the third one will be on the use of analytics, numbers, graphs, etc., (A), and the fourth one will be on presentation skills (P). I will hand you your grade immediately after your presentation. Project presentations should be in power point and should be no longer than 20 pages. Please number your pages and upload the presentations on the discussion board on BB.

If you attend class regularly and never open your mouth you will get 50% on your class participation, if you attend class regularly and always ask interesting questions, point out to interesting developments, and bring significant value added to the classroom, you will get 100% on your class participation. Obviously, I will grade your performance between the two extremes accordingly.

Grading will be based on a normal distribution curve and will follow **Lubin** guidelines. Please do not ask the professor for your grade. You will receive your grade through the regular channels.

Honor Code

You are responsible for maintaining Pace University’s code of conduct which mandates zero tolerance for cheating and plagiarism. Violations of the code of conduct will be prosecuted with a minimum penalty of failure for the course, as required by code of conduct rules.

General Responsibilities

It is your responsibility to read, understand and abide by all of the course information and policies listed below. Failure to do so may result in your failing this course or being withdrawn from the course by your professor.

You are responsible for knowledge of any administrative announcement (test information, schedule changes, etc.) that are made at any time during scheduled class periods.

It is your responsibility to check the appropriate sources to establish the last day to withdraw. Note that a “W” is not automatic. Please check with the Department regarding policies pertaining to a “W,” or “WF.”

Reasonable Accommodations for Students with Disabilities

The University’s commitment to equal educational opportunities for students with disabilities includes providing reasonable accommodations for the needs of students with disabilities. To

request an accommodation for a qualifying disability, a student must self-identify and register with the Coordinator of Disability Services for his or her campus. No one, including faculty, is authorized to evaluate the need and arrange for an accommodation except the Coordinator of Disability Services. Moreover, no one, including faculty, is authorized to contact the Coordinator of Disability Services on behalf of a student. For further information, please see Information for Students with Disabilities on the University’s web site

Course Outline (Subject to Change)

I. Introduction and International Trade Theory (weeks 1-3)

Chapter 1 Introduction

Overview of Section I: International Trade Theory

Chapter 2 World Trade: An Overview

Chapter 3 Labor Productivity and Comparative Advantage: The Ricardian Model

Chapter 4 Specific Factors and Income Distribution

Chapter 5 Resources and Trade: The Heckscher-Ohlin Model.....

Chapter 6 The Standard Trade Model.....

Chapter 7 External Economies of Scale and the International Location of Production.....

Chapter 8 Firms in the Global Economy: Export Decisions, Outsourcing, and
Multinational Enterprises.....

II. International Trade Policy (week 4)

Overview of Section II: International Trade Policy

Chapter 9 The Instruments of Trade Policy.....

Chapter 10 The Political Economy of Trade Policy.....

Chapter 11 Trade Policy in Developing Countries.....

Chapter 12 Controversies in Trade Policy

III. Exchange Rates and Open Economy Macroeconomics (weeks 5-6)

Overview of Section III: Exchange Rates and Open-Economy Macroeconomics

Chapter 13 National Income Accounting and the Balance of Payments

Chapter 14 Exchange Rates and the Foreign Exchange Market: An Asset Approach.....

Chapter 15 Money, Interest Rates, and Exchange Rates

Chapter 16 Price Levels and the Exchange Rate in the Long Run

Chapter 17 Output and the Exchange Rate in the Short Run.....

Chapter 18	Fixed Exchange Rates and Foreign Exchange Intervention
IV.	Midterm (week 7 or 8)
V.	International Macroeconomic Policy (weeks 9-10)
	Overview of Section IV: International Macroeconomic Policy
Chapter 19	International Monetary Systems: An Historical Overview
Chapter 20	Optimum Currency Areas and the European Experience.....
Chapter 21	Financial Globalization: Opportunity and Crisis
Chapter 22	Developing Countries: Growth, Crisis, and Reform.....
VI.	Student Projects (weeks 9-13)
	Special Topics in International Corporate Finance and Economics
	A. How We Developed an Options Market in Argentina: The Backstop Fund 1998
	B. Liability Management for the Republic of Turkey: 2000
	C. Trapped Overseas Cash for US Multinationals: The Case of Pharmas (Pfizer), and Techs (Microsoft, Intel)
	D. Enterprise Risk Management in an International Context: The Use of Value-at-Risk Concepts (VAR). How Telecom de Chile borrowed in the Yankee market by using VAR modeling?
	E. Comparative Advantage, International Corporate Strategy and the Rise of BRICs
	F. Cases Related to Outsourcing and Logistics (Intel, Walmart, Wall Street Research)
	G. Sovereign Wealth Funds
	H. The Case of Abu Dhabi Investment Corp and Citigroup
	I. Venture Capital, Hedge Funds, and Private Equity in an International Context
	J. Capital Structure Arbitrage and Activist Hedge Funds
	K. The Case of a US Private Equity Firm Managing its South African Investment
	L. The Case of a US Private Equity Firm Managing its Commodities Exposures