PEPPERDINE UNIVERSITY
THE GEORGE L. GRAZIADIO
SCHOOL OF BUSINESS AND MANAGEMENT

DR. DONALD M. ATWATER
ECNM 648-05(MS)
(LEC 2805)
GLOBAL ECONOMIC ENVIRONMENT
SPRING 2017
(SESSION B: MARCH 10 TO APRIL 21, 2017)
FRIDAYS
8:00 AM – 12:00 PM
MALIBU
BECKMAN MANAGEMENT CENTER
Global Economic Environment
ECNM 648-05 MS

Fridays: 8:00AM – 12:00 PM
(Session B: March 10 to April 21, 2017)
Malibu: Beckman Management Center

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Introduction

Over the past decade the volatility of economic systems has increased. Today, practitioners must anticipate the implications of multiple uncertainties including businesses and governments entering, exiting, competing, and changing relationships across national markets. Human rights and the need to protect the environment are important ethical and global considerations. Practitioners can no longer afford to take a wait-and-see attitude about economic conditions. In an era of fierce global competition, today’s managers need to be able to distinguish real opportunities and provide flexible responses to global economic risks. Globalization and free/open international trade can no longer be viewed as the norm. The globalization process is connected to the economic health and wellbeing of national economies. And it is changing at an unprecedented rate, requiring reformulation of many international business and trade practices. In light of this, the short and long term economic progress of developed, transitioning, emerging, and undeveloped countries in Europe, Asia, Africa, and the Americas will be explored in this class on economic, social, and environmental levels.

The work in this course is intended to be challenging. The rewards and skills learned will better prepare analysts and managers to address uncertain global economic environments and improve the accuracy and usefulness of business and financial analysis tools and decision making.

In the first session of class you will be asked to select the “best” reason why you are studying the global economic environment. The ten choices are listed below.

Ten Reasons to Study Global Economic Environment Analyses for Business

1. You want to pass this class and graduate.
2. You want to understand the economic analyses behind global decision making.
3. You want to ask good questions when a economic analysis is presented in a global business discussion or meeting.
4. You want to do economic analyses that add value to the performance of a business or organization.
5. You want to clearly identify the assumptions you are making when you do your economic analyses and understand how they could change and affect your recommendations.
6. You want to argue why your analyses are reasonable, risky and valuable.
7. You want to influence decision makers and verify that your economic analyses are better than other choices. (This is the same as wanting an A grade in this course.)
8. You want to use economic analyses to give yourself a comparative advantage in hiring and promotions for both your bridge and aspirational and global business jobs.
9. You want to earn a doctoral degree in economics.
10. You want to win a Nobel Prize in Economics.

As you go down the list the reasons to study the global economic environment the work level becomes more challenging and rewarding. The path you choose is up to you. What do you want?

**Course Description**

The principal objective of this course is to prepare you (students) to better understand the external global macroeconomic environment in order to recognize the opportunities and risks facing firms competing in the global economy. The course will examine contemporary economic issues underlying the global economy and will cover selected economies from the Americas, Asia, and Europe. It will further examine the growth and economic development of emerging economies such as the BRICs (Brazil, Russia, India, and China). The interplay between economic, social, and environmental issues will be examined.

The course is built on two pillars. The first is a list of seven themes that are currently on the top of most global business decision makers for 2017. Each of the themes will be covered in a course session. Multiple theories, applications and analyses will be explored for each theme. Second, case studies, guest speakers and videos will provide a range of practical information and hands on analyses to meet the principal objective of the course.

**Student Learning Outcomes**

Upon completion of the course, students should have a practical and relevant understanding of globalization and the economic political, social, and environmental consequences of expanding globalization versus protectionism. Perhaps more in 2017 than in past years pull backs from globalization are not just being discussed but actions are being taken that businesses and people will need to respond to. Course objectives cover both learning and applying analytical techniques, models and methods to address global topics and the use of the analytics for better decision making. Explaining the what, why, and how of economic analyses in business friendly written and spoken communications is expected.

By the end of this class students should have an understanding of:

1. Global economics from domestic and international business decision making perspectives
2. Events that will drive global economics, social, political and environmental change
3. Trade politics and policies and their effects on the global economy
4. International agencies that influence the economy of nations
5. Global trade agreements, regionalism, multilateralism, and trade blocs
6. Issues related to balance of payments and foreign exchange reserves
7. How monetary policies will affect currency valuations
8. The business environment and international business considerations
9. Competitive forces for global markets and trade.

Students will develop and use their verbal communication, presentation, team building, and written language skills. Students will also learn how their skills match up with professional business standards and gain confidence in their abilities to provide added value in the work paths they choose to take after graduation.
**Instructional Method**

The course will consist of lectures, class discussions, case studies, team presentations, and examinations. There will be two 10-15 minute breaks during the class sessions. Please come back on time. Class session will be extended when students return later than requested. Even one student being late can affect the entire class.

Team projects, exercises and assignments offer important learning experiences. Initial team assignments will be made during the first class. Team assignments made in the first class can be changed. In order to change from one team to another you need to find a person on the team you want to change to who is willing to join the team you are leaving. After the team discussion segment of the first class team assignments will be considered final. The same teams will do all the class team assignments, exercises and projects. Team project work will begin in class session 1 immediately after the assignments are finalized.

**Texts and Course Materials**

This course has two required text books. In addition a Harvard Business Review Casebook of four cases is required for the course. Details are provided below. Other recommended publications for reading and sources for research, data, and internet sites for class work are cited below.

**Required Text Books**

The following **two textbook** are required for the course:

- **Author:** Gerber, James  
  **Publisher:** Addison-Wesley (Pearson)  
  **Title:** INTERNATIONAL ECONOMICS, Sixth Edition  

- **Author:** Torelli, Paul  
  **Publisher:** Business Experts Press  
  **Title:** INTERNATIONAL ECONOMS: Understanding the forces of Globalization 1E  

The following Cases are also required and are available in a Harvard Business School Casebook. The web site link to the Casebook is [http://cb.hbsp.harvard.edu/cbmp/access/57645812](http://cb.hbsp.harvard.edu/cbmp/access/57645812)

The four cases are:

1. Nike versus New Balance (HEC087)
2. Trans-Pacific Partnership (716064)
3. U.S. China Wind Power Dispute (TB0437)
4. Setting the Standards for Free Trade (KS1142)

Using the web site link will provide the maximum discounts for pricing.
**Recommended Readings**

The following publications represent intermediate to advanced level textbooks which offer more specialized treatment of various topics and issues in the area of International and Global Economics. This reading list was initially prepared by Dr. Shane Moshiri and updated by the Professor.


**Selected General Weekly Publications**

For coverage of non-technical non-specialized business news students are advised to read the following publications: *Wall Street Journal, the "Margin Magazine, Barren's, the Economists and Business Week.*

**Recommended Sources for Research, Data, and International Statistics**

The following research publications list, data sources list, and internet site list were prepared by Dr. Shane Moshiri.

**Research Publications**

*Statistical Abstract of the United States-- description of features of the U.S. economy.*

*Department of Labor, Bureau of Labor Statistics*

*US Department of Labor: Bureau of Economic Analysis*

*Survey of Consumer Expenditure, University of Michigan Survey Research Center.*

*National Longitudinal Survey of Labor Force Behavior (by center for Human Resource Development at Ohio State University)*


*Various publications by United Nations The IMF Survey*

*The CIA publications*

*Institute for International Economics Euro stat OECD Publications*
Sources of Data and International Statistics

Balance of Payments Statistics. International Monetary Fund
Direction of Trade Statistics. International Monetary Fund
Economic Report of the President. President of the United States
The Europa World Yearbook. London
Federal Reserve Bulletin. Board of Governors of the U.S. Federal Reserve System
International Financial Statistics Yearbook. International Monetary Fund
International Trade (annual). General Agreement on Tariffs and Trade
Survey of Current Business. U.S. Department of Commerce
World Development Report. The World Bank
World Economic Survey. United Nations

Sources of Information on the Internet

 http://www.ita.doc.gov/
 http://www.customs.treas.gov
 http://www.usitc.gov/
United States Trade Representative.
 http://www.ustr.gov/
Export-Import Bank of the United States.
 http://www.exim.gov/
U.S. Federal Reserve System.
 http://www.federalreserve.gov/
U.S. Agency for International Development.
 http://www.info.usaid.gov/
International Monetary Fund.
 http://www.imf.org/
World Trade Organization.
 http://www.wto.org/
World Bank.
 http://www.worldbank.org/
United Nations.
 http://www.un.org/
Organization for Economic Co-operation and Development.
 http://www.oecd.fr/
Inter-American Development Bank.
 http://www.iadb.org/
OANDA: Currency Converter (foreign exchange rates).
 http://www.oanda.com

Grading

Grades for each of the five scored learning elements for this class as shown below. The total points that can be scored is 1000 points. Percentages for assignments, exercises, presentations, lists, essays, and exams are also shown.

<table>
<thead>
<tr>
<th>Element</th>
<th>Percentage</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 Exams (Individual)</td>
<td>40%</td>
<td>100 points (50 points each)</td>
</tr>
<tr>
<td>1 Class Project Presentation and Panels (Teams)</td>
<td>20%</td>
<td>50 points</td>
</tr>
<tr>
<td>2 Case Studies (Teams)</td>
<td>40%</td>
<td>100 points (50 points each)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
<td><strong>250 total points</strong></td>
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</tbody>
</table>

A letter grade will be assigned based on the percentage of points scored out of the 250 possible points for the course. A standard table of percentages will be used to calculate grades.
Grades will be assigned as follows:

- **A** 94.00-100.00%
- **A-** 90.00-93.99%
- **B+** 87.00-89.99%
- **B** 83.00-86.99%
- **B-** 80.00-82.99%
- **C+** 77.00-79.99% 

**Team assignments, exercises and project** point scores will be based on the quality and analysis depth of the team’s presentation, as well as chart quality, readability, and presentation style. All team members will receive the same grade.

An average effort is a ‘B’ (83-86%), and from there, the Professor will adjust the achieved scores up or down as merited.

**Exams (40% of grade → 100 points)**

Weekly class text reading assignments for specific chapters for the Gerber text are shown in the Calendar. Exam questions can be taken from any page in an assigned chapter even if the topic was not in the lecture slides or discussed in class. Class history indicates that you will need to do the readings in order to pass the exams. When answering exam questions it is also important to remember that if your answer comes from the Internet or other sources and differs from the answer in the Gerber test data bank your explanation of “why” will be very important.

Readings from Torelli will be discussed in class and may be included in exam 2. The primary purpose of the Torelli readings is to add breadth and practical relevance to the class lectures, your case studies, and learning.

Two exams will be given in this class. Each exam is worth 50 points. The exams are scheduled to be given in sessions 2 and 6. Each exam will consist of multiple choice and short essay questions. Questions may be asked for any material in the assigned chapters. Tests are timed. Each exam will be completed within 90 minutes. Laptops may be required to take the exams. Specific instructions will be given before each test begins.

**Class Project Presentation and Panel (20% of grade → 50 points)**

The team class project, presentation, and panel is the capstone learning assignment for this class. Each team will prepare a report, a 5-8 slide pack, and give their presentation to the class as members of a topic panel. The class will evaluate and be involved in grading the presentations. A set of guidelines will be provided for the class project report, presentation and panel assignment. All team members will receive the same score.

**Case Studies (40% of grade → 50 points for 2 Cases)**

Four case studies will be done in this class. The first case study will be done in session 1. The case should be read before class. The review and analysis of the case will be done in class. Since this is the first case it will not be scored.

The second and third cases will be done in sessions 3 and 5. The cases will be prepared prior to class. Case questions will be handed out to the teams for study and preparation. Answers to the case questions will be submitted before the start of each class. These cases will be scored. Teams will discuss their answer the case questions in the class session.

The final case study and questions will be handed out prior to session 7. The case questions will include a series of common questions to be answered by all teams and a team specific topic and
questions for the panel discussions. Answers to the case study questions will be scored as part of the team class report, presentation and panel assignment.

**In-Class Rules and Conduct**

In order to receive a grade, all scheduled classes must be attended. Absences must be discussed with the instructor prior to the subsequent class in order to arrange for a makeup class. Being on time is expected - coming to class late will result in a point deduction. A point deduction (up to 25 points) for class time missed will be made on the last day of the class.

Laptops/iPads/tablets may be required for in-class activities and must have WiFi capability. A sakai announcement will be posted prior to each class. The announcement will indicate if laptops are needed that session.

Laptops are to be closed, except during announced working periods. The Professor will indicate when laptops can be open. During lectures and presentations laptops and tablets will be turned off. The first time your laptop or tablet is open when it should be closed you will be given a warning. If your laptop is reopened after a warning you will be asked to leave the class for the session and forfeit all points for assignments given during the class session.

Cell phones must be put in “airplane” mode during class. If you are expecting an important call please take the call outside the classroom. Return when your call is finished.
Policies

Attendance Policy

The course will consist of lectures, class discussions and exercises, participation, and examinations. You are expected to attend all lectures and meetings of the class. Missing lectures and meetings can affect your grades. You are also expected to come to class prepared (i.e. having read all assigned readings). Being prepared (or not) will affect your grades. The class lectures will analyze the salient issues presented in the texts. Class discussions will be extensively used. Your participation in class discussions is an important part of this course. Current events will be viewed as opportunities to apply economic theories and analyze the effectiveness of policies.

University Code of Ethics

The University Code of Ethics is found on page 13 of the 2013 - 2014 Academic Catalog.

Originality of Work

This course may require electronic submission of essays, papers, or other written projects through the plagiarism detection service Turnitin (http://www.turnitin.com). Turnitin is an online plagiarism detection service that conducts textual similarity reviews of submitted papers. When papers are submitted to Turnitin, the service will retain a copy of the submitted work in the Turnitin database for the sole purpose of detecting plagiarism in future submitted works. Students retain copyright on their original course work. The use of Turnitin is subject to the Terms of Use agreement posted on the Turnitin.com website. You may request, in writing, to not have your papers submitted through Turnitin. If you choose to opt-out of the Turnitin submission process, you will need to provide additional research documentation and attach additional materials (to be clarified by the instructor) to help the instructor assess the originality of your work.

Policy on Disabilities

Assistance for Students with Disabilities

The Disability Services Office (DSO) offers a variety of services and accommodations to students with disabilities based on appropriate documentation, nature of disability, and academic need. In order to initiate services, students should meet with the Director of the DSO at the beginning of the semester to discuss reasonable accommodation. If a student does not request accommodation or provide documentation, the faculty member is under no obligation to provide accommodations. You may contact the Director of Disability Services at (310) 506-6500. For further information, visit the DSO Web site at: http://www.pepperdine.edu/disabilityservices/.
### Calendar

The Calendar for this course shows weekly topics and chapter readings as well as planned project activities for the term. Please note that readings shown are for pages that are especially important for the class session. Exams will be based on Chapter readings for all pages in the assigned Gerber chapter.

<table>
<thead>
<tr>
<th>Week # (Date)</th>
<th>Readings and Class Activities</th>
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<tbody>
<tr>
<td>1 – Mar 10</td>
<td><strong>The Gains from Trade and New Trade Theory</strong></td>
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<tr>
<td></td>
<td><em>Gerber Chapters 3 and 5</em></td>
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<tr>
<td></td>
<td><em>Torelli Chapters 1-2</em></td>
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<tr>
<td></td>
<td><em>Torelli – Chapter 3 (optional)</em></td>
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<tr>
<td></td>
<td><em>Case: Nike versus New Balance (Read this case before class)</em></td>
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<tr>
<td>2- Mar 17</td>
<td><strong>Wages, Jobs and Protection</strong></td>
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<tr>
<td></td>
<td><em>Gerber Chapters 6 and 7</em></td>
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<tr>
<td></td>
<td><em>Torelli Chapter 4</em></td>
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<tr>
<td></td>
<td><em>Exam 1</em></td>
</tr>
<tr>
<td></td>
<td><em>Video</em></td>
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<tr>
<td>3- Mar 24</td>
<td><strong>Regional Trade Agreements: NAFT &amp; Trans Pacific Partnership</strong></td>
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<tr>
<td></td>
<td><em>Gerber Chapters 2 and 13</em></td>
</tr>
<tr>
<td></td>
<td><em>Torelli Chapter 5</em></td>
</tr>
<tr>
<td></td>
<td><em>Case: TransPacific Partnership</em></td>
</tr>
<tr>
<td>4- Mar 31</td>
<td><strong>Latin America and the World Economy</strong></td>
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<tr>
<td></td>
<td><em>Gerber Chapters 15</em></td>
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<tr>
<td></td>
<td><em>Guest Speaker</em></td>
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<tr>
<td>5-Apr 7</td>
<td><strong>Export Led Growth in Eastern Asia</strong></td>
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<tr>
<td></td>
<td><em>Gerber Chapters 16</em></td>
</tr>
<tr>
<td></td>
<td><em>Torelli Chapter 5</em></td>
</tr>
</tbody>
</table>
6-Apr 14  **Poverty, Progress, and Critics**

* Torelli Chapter 5

* **Exam 2**
  * **Video**

7-Apr 21  **2017 Pull Back on Globalization**

* *Case: Setting the Standards in Free Trade*
  * **Team Presentations and Panels**
Office Hours

The Professor will have office hours on Wednesdays from 12:30PM to 2:00PM and Thursdays from 11:00AM to 12:30 PM. Drop by or arrange a private session please by emailing the Professor. Sessions can also be arranged for other times subject to availability. Email the Professor to arrange a session at other times. Alternative sessions may be held at other centers or locations.

Summary of Directed Instruction Elements

Please note, that at the Graziadio School of Business, Directed Instruction is driven by Instructional Design principles aligned with the School and University Mission. In this regard, they are formative (not summative) and represent the personalized nature of the education offered. All courses must include a minimum of 15 hours of directed instruction per unit of credit. For more information, please refer to the Standards for Directed Instruction document.

ECNM 648 (Global Economic Environment)

2 Units = 30 Hours or more of Directed Instruction

<table>
<thead>
<tr>
<th>Directed Instruction Activity</th>
<th>Hours</th>
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<tbody>
<tr>
<td>In-Class Instruction</td>
<td>17-21</td>
</tr>
<tr>
<td>Synchronous Instruction</td>
<td>0</td>
</tr>
<tr>
<td>Asynchronous Instruction</td>
<td>23-43</td>
</tr>
<tr>
<td>TOTAL</td>
<td>40-64</td>
</tr>
</tbody>
</table>