

The American University
Washington Semester Program
International Business and Trade Seminar: IBUS 420.002T and 421.002T
(I. International Business: Concepts and Institutions)
(II. International Business: Firms and Regionalism)

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Course Description and Objective

The objective of this *8 credit hours (two 4 hour seminars)* seminar is to provide an *intensive and in-depth introduction* to the nature and workings of international business and trade (IBT). The course will provide an overview of the many issues and concerns associated with international business and trade, from both a conceptual (e.g., business strategy and comparative advantage) and geographical (e.g., Europe and the Middle East) perspective. The seminar will be augmented with lectures by invited speakers and visits to Washington, DC institutions and corporations. The objective is to blend theoretical aspects with practical applications.

Upon completion of the course, students will have an appreciation and understanding of: the general nature of globalization, and its impact on (and interrelationships among) states, firms and individuals. Other targets are the global trade and investment environment, including differences in political economy, international trade theory, foreign direct investment and regional integration; as well as the global monetary system, including the foreign exchange market, international monetary system and global capital markets. The course also addresses the issues faced by multinational firms (and managers) such as strategy, organization, decision-making, ethics and finance; and countries in such regions as Europe, Africa, and the Americas; while developing an understanding of the many resources, print and electronic, available for studying the issues surrounding international business and trade. These should also enhance skills for researching and communicating position on issues of importance in international business and trade.

My goal is for you to leave this course with the ability to analyze the economics and politics of international business in a sophisticated manner so you can be more effective in the market place. More specifically, the course objectives are: 1. Understand the different challenges business face when they operate in an international environment; 2. Examine the various cultural, political and legal issues that impact international business activity; 3. Examine the international institutions and practices that impact international business; 4. Understand trade and investment theory, foreign exchange and the determination of foreign exchange rates; 5. Appreciate the interaction of business and government as they relate to international commerce; 6. Develop insight into the management implications of international business strategy and operations.

**Please note that the IBT sections have various and sometimes-different requirements, but portions of each section's syllabus are the same.

Course Overview

The course is structured logically around two interrelated aspects of international business and trade: 1) the concepts and institutions of international business and trade, and 2) and the regions in which IBT takes place and the challenges international firms are faced with such as strategy, organization, ethics, and finance.

First Half of the Course

The Concepts and Institutions of International Business and Trade

The first half of the semester will focus on the environment in which international business and trade are conducted. Providing a macro view of international business and trade, we will initially discuss the globalization phenomenon in general, focusing on the many political, and economic issues surrounding international business and trade. A discussion of the modern global economic system and the important institutions that support the system - within the overall framework of international trade theory, foreign direct investment, economic integration, foreign exchange markets, the international monetary system, and the global capital markets will follow.

This course asks, why the most important business publications, such as the *Wall Street Journal*, *Financial Times*, and *The Economist* dedicate large portions of each issue to articles concerning world politics? There are many explanations, but the most compelling reason is that the political environment shapes the business world. Successful businesses factor in international political variables, especially in an era of globalization. That is why this course focuses on the broad question, what is the relationship between politics and economics in the international arena? Whereas political scientists have tended to neglect the role of markets, economists often ignore the political context of events and in particular the importance of power. This course provides the analytical tools to better understand the politics of international economic relations. We will focus on four broad conceptual topics: -- the role of the state and the firm as well as the international institutions and markets; the dominant ideologies and theories of international political economy; as well as foreign policy processes.

Second Half of the Course

The Firm and Regionalism

The second half of the semester will focus on the business geographical regions of Europe, Asia, The Americas, The Middle East, and Africa. In these regions, we will focus on the impact of globalization, technology, business ethics, strategy, organization and decision-making.

**As appropriate, during the semester, we may highlight additional special topics in international business that impacts the global economic system or the manner in which firms conduct their global operations. We will also incorporate some discussion on careers in international business and trade throughout the semester as a companion to the internship portion of the semester.

Course Methodology

Washington, DC is our classroom. To take advantage of this asset we will utilize numerous techniques to address the topics on international trade and investment, each serving to complement the other. These include a combination of class lecture and discussion (led by the instructor with contributions from the students) as well as guest lecturers and presentations (both at the Tenley Campus and at speaker locations - some travel required) from representatives of international companies, government agencies, trade associations, embassies, multilateral institutions, and others, on related topics. In addition, we will incorporate a simulation and other class exercises in the seminar as well as discussion of relevant current events.

Your internship will be on Monday and Tuesday. Therefore, the seminar (including guest lectures) will be on Wednesday, Thursday, and Friday. Due to the nature of scheduling a significant number of speakers, we will only be able to schedule our lecture and speaker times on a weekly basis. I will post a copy of the next week's schedule on Blackboard by the end of the prior week and will notify you of this posting by email. Also, given the potential for speakers' scheduling changes, we must be fairly flexible in changing our schedule (although every attempt will be made to keep this to a minimum). In the event of a schedule change, an email will be sent to each seminar member. It is the student's responsibility to check email frequently and to help classmates stay aware of any changes. Further, while most speaker presentations will not typically go beyond 4pm - it is possible that to meet their time requirements, we will schedule a limited number of speakers later than 4pm (and some talks downtown may go beyond 4pm as well).

During the semester, we will make use of the American University Blackboard system, an electronic classroom on the web. You **must** obtain access to this system (for our class) at the beginning of the semester. This should take place at the same time that you receive your Eagle Net account. In the first week, additional class materials will be handed out in class – after the first week, all schedules (including revisions), and additional materials (such as speaker bios or web links, etc.), as appropriate, will be posted to Blackboard and the student will be responsible for accessing and keeping current.

Required Books (available at the AU Bookstore and Amazon.com and such)

Bergsten, Fred, *China: The Balance Sheet* (Washington, DC: Pubic Affairs, 2006).

Friedman, Thomas L., *The World is Flat: A Brief History of the Twenty-first Century* (New York: FS&G, 2005).

Hill, Charles, *International Business: Competing in the Global Marketplace*, **6 ed.**, (Boston, MA: McGraw-Hill Irwin; 2007).

Requirements and Grading

Midterm Exam	25%
Final Exam	25%
Simulation (12.5%) and Case Study/Research Paper (12.5%)	25%
Participation	25%

Midterm and Final Exam: Each exam will cover **all** material presented up to that point in the semester. This includes materials covered in the lectures, class discussions, videos, speaker presentations, discussions and any other materials addressed. The Final exam is comprehensive.

There will be no make-up exams except for cases of documented medical or family emergencies. The exams will be approximately 2 hours in length, in-class, and closed book. Exams will include essay, and short answer questions. A list of possible essay questions will be distributed approximately a week prior to the exam.

Case Study/Research Paper: During the first half of the semester, a 4 to 5 - page research paper will be due. This paper will be part of a group project and presentation. The paper will focus on one of the Hill case studies. This requirement will give you the opportunity to delve more deeply into a specific IBT case study and present it to the seminar in an interesting manner. Additional information will be handed out.

Simulation: There will be a National Economic Council (NEC) simulation. Prior to the simulation you will select a NEC position (NEC Adviser, Secretary of State, Secretary of Treasury, Secretary of Commerce, Director of Central Intelligence, etc.) and complete a four-page memo that examines the national or international economic and security implications of the assigned hypothetical crisis. During the simulation you will brief the NEC and react to new developments. The exercise is intended to give you the opportunity to apply concepts and ideas from this course. Additional information will be handed out later in the semester.

Simulation memo and research paper format are to be on 8.5 by 11 inch paper, double spaced, 1 inch margins, 12 point Times New Roman font, numbered pages, and stapled. No exceptions. In addition to turning in a hard copy, each requirement must also be submitted as an attachment to an email to me.

Extra Credit: Visit the Tenley Writing Studio – To receive extra credit you must give me proof-of-meetings receipt and any marked up papers. This needs to be stapled to the final draft that you turn in to me.

Attendance and participation: Due to the nature of the course, it is imperative that **all** students attend all sessions (both on and off campus) and that they come to each class **prepared to participate** in all discussions and all class interactions. Accordingly, attendance and participation are incorporated into the course requirements and grading system. I will make absentee allowances only for documented (e.g., physician's note) events. Thoughtful participation is the cornerstone of a seminar styled teaching environment, and mandatory for this course. Regular attendance, in addition to participating, will insure students the greatest exposure to the material (e.g., both lectures and speaker presentations) and to the insightful comments of their classmates (thereby learning not only from the instructor, but from one another as well). Over the course of the semester, every student must ask guest speakers at least seven questions. Excellent questions that reflect prior preparation (keeping up with class readings, recommended web sites, newspaper articles) will be noted. For seminar you are required to review that day's *New York Times* (NYT.com) business sections. Pay particular attention to that week's topic or articles that are relevant to the seminar. Arriving late or leaving early is not acceptable – **especially for guest presentations**. Set your watch to the Atomic Clock (NIST.time.gov). Being on time and prepared is a critical business habit and a requirement for this class.

A critical part of the IBT seminar experience is getting to know and learning from your peers. This is an excellent opportunity to create a strong bond with individuals who are from around the world and who have a common interest in international business. To start this process, during our first meeting, I will be taking head shots of each seminar member. These pictures will be posted on the IBT Blackboard site. You are responsible for learning each other's first name, major, and place of birth. A short quiz will be given approximately one week after the pictures are posted.

Regarding the proper approach to guest lecturers - many speakers will be delighted to respond to questions from the class and you are encouraged to do so (again, this is also part of the participation portion of the class), but be considerate and polite in your questions and manner of addressing the speakers. Occasionally, you may have an opposing opinion on a particular topic - feel free to question the speakers, but do so in a professional manner, i.e., be courteous and attentive of those who have generously given us their time to share their thoughts, expertise, and valuable experiences with us.

Recent Books of Interest: (not required)

These recommendations are for those seminar members who would like additional readings to further their understanding of globalization and international business. For no additional credit (and no additional tuition), those students have the option of discussing one or more of these texts during my office hours. Please notify me if you are interested in this option.

Bhagwati, Jagdish N., *In Defense of Globalization* (New York: Oxford University Press, 2004).
Foreign Affairs Editors' Choice, *Globalization: Challenge and Opportunity* (New York: WW Norton, 2002).

Fishman, Ted, *China, Inc.: How the Rise of the Next Superpower Challenges America and the World* (New York: Scribner, 2005).

Foreign Affairs Editors' Choice, *The Rise of China* (New York: WW Norton, 2002).

Lawrence, Robert Z., *Crimes & Punishments?: Retaliation Under the WTO* (Washington, DC: Institute for International Economics, 2003).

Levitt, Steven and Stephen Dubner, *Freakonomics: A Rogue Economist Explores the hidden Side of Everything* (New York: HarperCollins, 2005).

Rodrik, Dani, *Has Globalization Gone Too Far?* (Washington, DC: Institute for International Economics, 1997).

Stiglitz, Joseph. *Globalization and Its Discontents*. (New York: Norton Press, 2002).

Schott, Jeffrey J., *Free Trade Agreements: US Strategies and Priorities* (Washington, DC: Institute for International Economics, 2004).

Spero, Joan E, and Jeffrey A. Hart, *Politics of International Economic Relations*, 6 ed., (Belmont, CA: Wadsworth Publishing; 2002).

Gilpin, Robert. *The Challenge of Global Capitalism: The World Economy in the 21st Century* (Princeton, NJ: Princeton University Press, 2000).

Held, David, et. al. *Global Transformations: Politics, Economics, and Culture* (Stanford: Stanford University Press, 1999).

- Landes, David, *The Wealth and Poverty of Nations: Why Some are so Rich and Some so Poor* (New York: Norton, 1999).
- Friedman, Thomas L. *The Lexus and the Olive Tree: Understanding Globalization* (New York: FSG, 1999).
- Gordon, Philip and Sophie Meunier, *The French Challenge: Adapting to Globalization* (Washington, DC: The Brookings Institution, 2001).
- Rubin, Robert and Jacob Weisberg, *In an Uncertain World* (New York: Random House, 2003).
- Weiss, Kenneth D., *Building an Import/Export Business* (New York: John Wiley & Sons, Inc., 2002).

How to Succeed in this Course:

I want you to do well in this course. To achieve this, please pay serious attention to the following: **The due dates for the requirements on the syllabus are firm. I will make allowance only for genuine, documented emergencies.** The exams are designed to test your ability not just to learn definitions, dates, and examples, but also to connect ideas and examples, and to explain the significance of central concepts drawn from the assigned readings, class lectures, guest speakers, and discussions.

You will do well in the course if you read actively and critically, participate in class discussions, and keep up with current events. While reading, note questions you might like to ask in class, and think critically about the points the authors are making. Ask yourself what is the author's central argument, does it make sense, and is there enough evidence to support it? Also, consider how the readings relate to my presentation and guest speakers. Some students dislike speaking up in class, but do have valuable points to make and questions to ask. Remember, people learn more by defending their own views than by passively absorbing what others have said. Also, I like to ask questions and hear from all members of the course, so keep up with the readings. Adopt a routine of reading various news sources on a daily basis. Ask yourself how world events illustrate the ideas and concepts we have discussed? Then integrate this thought process with the other elements of the course and you will be on your way to becoming an independent analyst of international business and trade.

Here are some suggestions for effective writing. Begin your work with a short summary introduction. Be sure to summarize your bottom line or thesis in a few sentences. A good summary in the introduction helps me or any other reader to grasp your argument from the outset. It also helps you diagnose problems with your answer. A good introduction can even make a full summary at the end redundant. Use your conclusion to explore the implications of your argument. Use empirical evidence — facts, numbers, and history — to support your argument. Purely deductive reasoning is sometimes appropriate but an argument backed by evidence is always more persuasive. Also, clearly frame your general points with appropriate evidence. Don't ask facts to speak for themselves. "Argue against yourself." After laying out your arguments, acknowledge questions or objections that a skeptical reader might raise, and briefly address them. This shows that you were thoughtful, thorough, and attentive to possible objections or alternate interpretations. Be sure to document all sources and statements of fact.

Good writing is essential to clear thinking and effective communications. So bear the following in mind: Write from an outline. Outlines are major aides to coherence and readability. Write short, declarative sentences. Avoid the passive voice. Start each paragraph with a topic

sentence that distills the points of the paragraph. Finally, take care to turn in a neat, clean paper or exam. Budget your time so you are not rushed prior to handing in your work.

Grading:

A 100-93

A- 92-90

B+ 89-87

B 86-83

B-82-80

C+ 79-77

C 76-73

C-72-70

D 69-60

F 59 and less

ADA Statement:

If you have special needs as addressed by the Americans with Disabilities Act (ADA) and need assistance, please notify me immediately.

Academic Integrity Code:

Standards of academic conduct are set forth in the University's Academic Integrity Code which was provided to you in your orientation packet and is at American.edu. By participating in this program you have acknowledged your awareness of the Code, and you are obliged to become familiar with your rights and responsibilities under the Code. Violations of the Academic Integrity Code will be taken seriously, and disciplinary actions will ensue should such violations occur. Please see me if you have any questions about academic violations described in the Code in general or as they relate to particular requirements in this program.

Dress Code:

When we have seminar sessions with guest speakers on or off-campus, proper attire is required. This does not necessarily mean suit and tie or the equivalent (although that is welcome), but that excessively casual clothes (e.g. **jeans**) are not appropriate. Remember, it is in your interest to make a good impression on guest speakers. For most of you, this is the beginning of your international business network.

Transportation:

The American University does not pay for transportation to seminars, internships, or research project interviews. Traffic is intense in the Washington area and parking can be a frustrating problem. Therefore, public transportation (Metrorail and Metrobus) is the best way to go. Please make sure you allow extra time to arrive at an off-campus seminar. We will generally travel as a group off-campus - you are encouraged to join. In general, it will be useful to obtain one of the Metrorail pocket maps early in the semester - it will be invaluable to you in your travels around town for school and personal trips.

Turning in Assignments

You may turn in your assignments to my Dunblane mailbox (room 113) or slide it under my office door (Dunblane 213). The penalty for turning in an assignment late is the subtraction from the grade of three points per 24 hours. The penalty begins immediately after the due time.

Key Dates:

Case Study/Seminar Research Paper Due: Monday, February 26, by 10:30am

First Exam: Thursday, March 8, 1-3pm

National Economic Council Simulation Memo Due: Monday, April 23, by 10:30am

Final Exam: Monday, May 3, 1-3pm

Topics, Schedule, and Reading Assignments

The following is a general outline of our class schedule for the semester. Again, the intrinsic nature of a seminar course that uses guest speakers makes it impossible to have a definite schedule for all of our sessions for the entire semester. Therefore, at the end of each week, weekly schedules for the following week will be made available. Also, the list of readings indicated only applies to the text and other books purchased for the class – **there will be other readings assigned.**

Begin Seminar I: International Business: Concepts and Institutions

Week 1 (Week of January 11) **Introduction.** Hill, ch. 1.& 2

Recommended: <http://www.economist.com/>
<http://www.nytimes.com/pages/world/index.html>

Week 2 (Week of January 16) **Theory.** Jack Snyder, “One World, Rival Theories,” *Foreign Policy* (Nov/Dec 2004), 52-62 and Robert Gilpin, *The Political Economy of International Relations*, 25-64.

Week 3 (Week of January 22) **International Trade and The World Trade Organization.** Hill, chs. 5 & 6. Recommended: <http://www.wto.org/> and www.naftaworks.org

Week 4 (Week of January 29) **Economic Development and the World Bank.** Hill, ch. 9. *Sebastian Mallaby*, “Saving the World Bank,” *Foreign Affairs* (May/June 2005)
Recommended <http://www.worldbank.org/> <http://www.whirledbank.org/>

Week 5 (Week of February 5) **Foreign Direct Investment and Federal Reserve.** Hill, chs. 7 & 8. Federal Reserve comics “The Story of Inflation” “The Story of the Federal Reserve System” and “Once Upon A Dime.” Recommended:
<http://www.federalreserve.gov/>

Week 6 (Week of February 12) **International Monetary Flows and the International Monetary Fund.** Hill, chs. 10 & 11. Recommended: <http://www.imf.org/>

Week 7 (Week of February 19) **Globalization** Friedman, *The World is Flat*, 1-222
Recommended: <http://www.thomasfriedman.com/nytimesarticles.htm>

Week 8 (Week of February 26) **Globalization** Friedman, *The World is Flat*, 225-469

Week 9 (Week of March 5) **First Exam**

Begin Seminar II: International Business: The Firm and Regionalism

Week 10 (Week of March 12) **Spring Break**

Week 11 (Week of March 19) **Business Ethics**, Hill, chs. 3 & 4

Week 12 (Week of March 26) **Europe and Strategy**, Hill, ch. 12

Week 13 (Week of April 2) **The Americas and Organization** Hill, chs. 13 & 14

Week 14 (Week of April 9) **Middle East and Africa and Decision-Making (readings to be distributed)**

Week 15 and 16 (Weeks of April 16 and 23) **Asia**, Bergsten, *China* (entire) and **National Economic Council Simulation** (<http://www.whitehouse.gov/nec/>)

Week 17 (May 3) **Final Exam**