

ANALYZING THE IMPACT OF CONTEMPORARY EVENTS ON A WORLD FINANCE CENTER

IFSA-Butler London Flagship

US semester credit hours: 3 credits
Contact Hours: 45
Course Code: EC381-07 or FN381-07
Course length: Semester
Delivery method: Face to face
Language of Instruction: English
Departmental Cross-listings: Economics, Finance

COURSE OVERVIEW

Situated in the world finance center of London, this course analyzes asset markets, market liquidity, market behavior and the regulation of markets, as well as financial derivatives and economic, monetary and currency unions in Europe. Developments in international banking, economic crises and other contemporary issues provide a backdrop for a vibrant examination of financial institutions and economic realities.

COURSE DESCRIPTION

Economics examines the production, consumption, and transfer of wealth, and the impacts of scarcity for society. When goods or services are limited, consumers, companies, and nations make choices, and those choices have economic consequences. From a macroeconomic point of view, this course will closely examine issues of the British national economy, including how income is distributed, unemployment, inflation, and economic growth. It will also investigate issues of money management in Britain, including the function and behavior of financial markets and international trade.

In each case, contemporary issues will be presented as real and potential disruptors of the economy and financial markets. Major contemporary political and societal events have undeniable effects—both obvious and subtle—on the economic growth, health and financial realities of a nation. Using case studies, scenarios, and running problems, recent and current issues such as Brexit, changes in the European Monetary Union, economic crises of individual nations, and terrorist incidents will be considered through application of economic and financial theories and awareness of the governmental regulatory policies to which these issues they are connected. As part of these investigations, students will be required to identify issues, analyze situations, and propose solutions to problems for which there are no clear conclusions.

Prerequisites

A background, including coursework at the 100- or 200-levels, in economics or finance, is anticipated; foundation knowledge of the principles of macroeconomics would greatly benefit students entering this course.

COURSE SYLLABUS

STUDENT LEARNING OBJECTIVES

- Understand macroeconomic indicators and how these metrics relate to monetary and fiscal policy decisions as well as the interconnection between indicators, policy and business cycles.
- Understand everyday economic problems, while comparing arguments and understanding the role of assumptions as part of critical thinking.
- Demonstrate the ability to apply financial information to recommend and justify solutions to economic and financial problems.
- Develop specialized knowledge of economics and finance through examination of key contemporary events and their impact on Britain's economy and financial systems.
- Communicate effectively about economics and finance issues, including formulating and supporting a written argument and strengthening oral presentation skills.
- Sharpen the lifelong skill of understanding economics and finance news.
- Become familiar with resources available for further research on the topics of economics and finance.
- Make connections between learning in this course and other learning experiences in the IFSA-Butler London Flagship in demonstration of integrative learning.

COURSE DELIVERY

Class discussion is based as much upon questions as much as upon answers. Students are expected to read or view assigned resources in advance and be prepared to actively discuss them in class. In most meetings, the instructor will overview the topic and then facilitate a group discussion, drawing out relevant themes, following up on specific lines of inquiry, and prompting students' thoughtful engagement with the topic. These discussions are the cornerstone of the class community as well as an important element in the instructor's evaluation of student engagement with the material (see below under Evaluation).

Students are encouraged to bring their prior learning experiences into class discussions (based on experiential learning theory) and to make cognitive connections between this course and others in the IFSA-Butler London Flagship whenever possible (based on the philosophy of integrative learning).

COURSE OUTLINE

The following schedule indicates the weekly discussion topics, related readings, and assignments for this course. Students are encouraged to bring their prior learning experiences into class discussions and to make connections between this course and others whenever possible. Theories of experiential learning and integrative learning therefore undergird the dynamic learning environment of this course.

Week 1: Introduction

- Overview of Course
- Syllabus Review
- Instructor and Student Introductions

COURSE SYLLABUS

- Personal Student Goals for the Course
- Instructor and Student Expectations
- Establishing a Community of Learning
- Integrative Learning Exercise: Connecting this course to the IFSA-Butler London Flagship experience, individual academic majors, and undergraduate careers

Week 2: **Review of Principles of Macroeconomics using British Examples**

Lecture and timely media resources

Week 3: **International Trade, Trade Agreements, and Foreign Exchange**

Lecture and timely media resources

Week 4: **European Union, Euro Zone, and Emerging Markets**

Lecture and timely media resources

Week 5: **International Financial Institutions, International Monetary Fund, and World Bank**

Lecture and timely media resources

Week 6: **The Square Mile: Field Visit to London's Financial District**

Logistical details and expectations for the field visit to be provided by the instructor.

Assignment Due: Response Paper #1 (Topic: Field Visit)

How did the field visit challenge or confirm your prior understanding of London's financial district? In what ways did the visit increase your personal understanding of London's financial district? How might you use this knowledge in the future?

Week 7: **Workshop: Primary Sources and Information Databases for Research**

Examples: British Business Bank, UK Office for National Statistics, US Bureau of Labor Statistics Household Survey, United Nations Development Index, EconLit (AEA), Nexis-Lexis, and Global Financial Data

Week 8: **Case Study A: Brexit (Part 1)**

Discussion Points: The Anticipated and Ongoing Impact of Brexit on the British Economy, the Financial Behavior of Institutions, and Relationships with International Partners.

Vincent, M., Blood, D., Bernard, S., & Pooley, C. R. (2017). Brexit business impact tracker, *The Financial Times*. <https://ig.ft.com/sites/brexit-companies/>

Giles, C. (2016). Brexit in seven charts: The economic impact, *The Financial Times*. <https://www.ft.com/content/0260242c-370b-11e6-9a05-82a9b15a8ee7>

Bowler, T. (2017). How has the economy fared since the Brexit vote? *BBC News*. <http://www.bbc.com/news/business-36956418>

Week 9: **Case Study A: Brexit (Part 2)**

Discussion Points: The Anticipated and Ongoing Impact of Brexit on the British Economy, the Financial Behavior of Institutions, and Relationships with International Partners.

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Capital Economics for Woodford Investment Management (2016). The economic impact of 'Brexit': A paper discussing the United Kingdom's relationship with Europe and the impact of 'Brexit' on the British economy. <https://woodfordfunds.com/economic-impact-brexit-report/>

Oliver, T., & Williams, M. J. (2016). Special relationships in flux: Brexit and the future of the US-EU and US-UK relationships. *International Affairs*, 92(3), 547-647.

Week 10: **Guest Lecture Topics: Security and the Linkages among International Communities**

Lecturer: Instructor of IFSA-Butler London Flagship "Emerging Issues in Security Studies" course

Questions for Discussion: How has the security of states, groups, and individuals grown more mutually-dependent in recent years? How and where has vulnerability and outright insecurity increased? What competing goods must be balanced when considering solutions to security problems?

Caselli, M., & Rohner, D. (2015). The geography of interstate resource wars. *Quarterly Journal of Economics*, 130(1), 267-74, 281-5, 304-5.

HM Government, *National Security Strategy and Strategic Defence and Security Review 2015: A Secure and Prosperous United Kingdom*, 5-84

Hill, C. & Smith, M. (Eds.) (2011) *International Relations and the European Union*, Oxford University Press.

Assignment Due: Response Paper #2 (Topic: Guest Lecture Experience)

How did the guest lecture experience challenge or confirm your prior understanding of security and linkages among international communities? In what ways did the guest lecture experience increase your personal understanding of security and linkages among international communities? How might you use this knowledge in the future?

Week 11: **Case Study B: Terrorism (Part 1)**

Discussion Points: Financing Terrorism, Financing Counter-terrorism, and Considering the Connections between Economic Growth and Terrorism

Maximino, M. & Ordway, D. (2015). The relationship between terrorism and economic growth. *Journalist's Resource*.

<https://journalistsresource.org/studies/international/conflicts/relationship-between-economic-growth-terrorism-new-research>

Choi, S. (2015) Economic growth and terrorism: Domestic, international, and suicide. *Oxford Economic Papers*, 67(1), 157–181. <https://doi.org/10.1093/oep/gpu036>

Meierrieks, D., & Gries, T. (2013). Causality between terrorism and economic growth. *Journal of Peace Research* 50(1).

<http://journals.sagepub.com/doi/abs/10.1177/0022343312445650>

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Week 12: Case Study B: Terrorism (Part 2)

Discussion Points: Financing Terrorism, Financing Counter-terrorism, and Considering the Connections between Economic Growth and Terrorism

Cronin, A. K. (2003). Behind the curve: Globalization and international terrorism. *International Security*, 27(3), 30-58.

Abadie, A., & Gardeazabal, J. (2008). Terrorism and the world economy. *European Economic Review* 52(1): 1–27.

World Bank's World Development Indicator: <https://data.worldbank.org/indicator>

Week 13: Workshop: In-class Group Project Preparation

Includes preparation for peer review and group member evaluation work

Assignment Due: Analysis of Case Study

Week 14: Projects Due: Everyday Macroeconomics: Indicator Assessment Project

- Student Group Presentations
- Peer Evaluations for Group Projects
- Group Member Evaluations for Group Projects

Week 15: Final Course Session(s)

- Content Review
- Concluding Questions and Comments
- Course evaluations

RESOURCES

Resources are listed throughout the Course Outline above. Additional resources will be provided at the discretion of the instructor.

EVALUATION METHODS

The course instructor will provide specific requirements and grading rubrics for individual assignments for the course. Your final grade in the course will be comprised of the following course requirements:

20% - Class Discussion

30% - Response Papers (two papers, 10% each)

20% - Case Study Analysis

30% - Everyday Macroeconomics: Indicator Assessment Project

Response Papers (2)

Response Paper prompts are provided in the Course Outline above. Papers should be two pages in length, double-spaced, Times New Roman font.

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Case Study Analysis

The case studies (Brexit and Terrorism) provide insight into the challenges faced by companies that engage in international financial transactions. The purpose of the case study analysis assignment is to give students the opportunity to apply learning to real world problems. It should become apparent that solutions are not easy and there is no single answer to complex problems. Consequently, a good case study analysis should not only recommend a solution but should also highlight perceived benefits, point out assumptions made, discuss potential risks, and generally demonstrate critical engagement with the problem.

Choose one case study and provide an analysis and recommendation in the form of an executive memo (APA style, 5 pages without Resources, double-spaced, Times New Roman 12 point font). For Case Study A (Brexit), analyze the situation and respond to the problem of how British companies based in London can gather the information needed to nimbly respond and prepare for a changing economy based on revised associations. For Case Study B (Terrorism), analyze the situation and respond to the problem of how British companies based in London can gather the information needed to respond to internal and external concerns about perceived security threats. Make your recommendations specific and support your arguments. Include tables and graphs as needed; ensure that they are relevant. Include a Resources page at the end of your paper.

Everyday Macroeconomics: Indicator Assessment Project*

Project Objectives:

This is a group project that is incorporated within the instruction of the Analyzing the Impact of Contemporary Events on a World Finance Center course. It functions as a significant component of establishing access, interest, and understanding of the use-value of economics in everyday life and offers a creative student-led synthesis of the objectives of the course: understand macroeconomic indicators and how these metrics relate to monetary and fiscal policy decisions as well as the interconnection between indicators, policy and business cycles. It represents a review of principles of economics and provides a tangible use value of economics that is readily available in media (i.e., television, news, and magazines).

Through this project, several undergraduate proficiencies are demonstrated, including specialized knowledge and use of information resources, applied and collaborative learning matches, and the presentation of a student project. The project aims to increase student understanding of the application of economics in daily life, strengthening research skills and analytical skills as these relate to finding the original source and uses of the indicator and interpretation of the methodology and calculation of the indicator. The incorporation of multimedia elements, including music and embedded video in their presentation is not required but encouraged.

Project Context:

Macroeconomic indicators that are quoted routinely in the media include: unemployment/non-farm payrolls, retail sales, consumer price index, producer price index, consumer confidence, gross domestic product, and stock market movements. Each of these indicators provides one variable in the overall assessment of an economy's well-being. For individuals who understand the implications of movements in these indicators and know where to source information from the primary governmental or research think tank source, there is both an empowerment of being able to validate reported information and a stabilization related to conscious reaction rather than

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irrational exuberance. For example, understanding that the unemployment rate is based on a survey and can be disaggregated by age, job classification, region can assist an individual at geographically targeting employment; similarly understanding the consumer price index, the indicator of inflation, is based on a fixed basket of goods can assist a person in understanding how reported inflation can have an upward bias (typically as prices increase substitutes are found, but if the consumer price index holds quantities constant, not allowing for substitution, inflation may appear to be higher than found as a result of actual behavior).

Project Implementation and Assessment:

The indicator is chosen by students from a list, which is distributed a week after group selection is finalized to give ample time for group discussion and decision making prior to the indicator assignment day. There is no opportunity for duplication of an indicator assignment and assignments are allocated during class.

Presentations are expected to be 15 minutes to a maximum of 20 minutes in length and additional time is allotted for student audience engagement through a project engagement exercise and question and answer period. The presentation should accommodate the equal participation of all group members and be comprised of a mixture of oral and visual information. The project counts for 20% of an individual student's overall course grade with 50% determined by instructor evaluation; 40% by peer evaluation; and 10% by group member evaluation.

Groups will be allowed to prioritize the list of top three indicators and the instructor will choose the indicator to be assigned to each group during a class meeting. Possible indicators may include but are not limited to: unemployment/non-farm payrolls, retail sales, consumer price index, producer price index, consumer confidence, gross domestic product, the stock market, ISM indices, GDP, and housing starts. All indicators and data are available in the public domain and via original source.

The project has stated milestones, which will be distributed by the instructor during the first few course sessions. It is recommended that each group submit a summary of work in progress and attainment of milestone goals on the date associated with the milestone's completion. Particular attention should be paid to the assigned deliverables for each week in order to maintain satisfactory project progress.

**submitted by Bridgewater State University to the Degree Qualifications Profile (DQP) Assignment Library of the National Institute for Learning Outcomes Assessment (NILOA), Lumina Foundation*

Timely Submissions

Assignments submitted after the deadline will be accepted at the discretion of the course instructor and generally only in the event of a documented illness or emergency.

ACADEMIC INTEGRITY

Any academic endeavor must be based upon a foundation of honesty and integrity. Students are expected to abide by principles of academic integrity and must be willing to bear individual responsibility for their work while studying abroad. Any academic work (written or otherwise) submitted to fulfill an academic requirement must represent a student's original work. Any act of academic misconduct, such as cheating, fabrication, forgery, plagiarism, or facilitating academic dishonesty, will subject a student to disciplinary action.

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IFSA-Butler takes academic integrity very seriously. Students must not accept outside assistance without permission from the instructor. Additionally, students must document all sources according to the instructions of the professor. Should your instructor suspect you of plagiarism, cheating, or other forms of academic dishonesty, you may receive a failing grade for the course and disciplinary action may result. The incident will be reported to the IFSA-Butler resident director as well as your home institution.