

**ALLAMA IQBAL OPEN UNIVERSITY, ISLAMABAD  
(Department of Business Administration)**

**INTERNATIONAL BUSINESS & FINANCE (8702)**

**CHECKLIST**

**SEMESTER: SPRING 2014**

This packet comprises the following material:

1. Text Book (one)
2. Courses Outline
3. Assignment No 1 & 2
4. Assignment Forms (2 sets)

In this packet, if you find anything missing out of the above-mentioned material, please contact at the address given below:

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**(Department of Business Administration)**

**WARNING**

1. **PLAGIARISM OR HIRING OF GHOST WRITER(S) FOR SOLVING THE ASSIGNMENT(S) WILL DEBAR THE STUDENT FROM AWARD OF DEGREE/CERTIFICATE, IF FOUND AT ANY STAGE.**
2. **SUBMITTING ASSIGNMENTS BORROWED OR STOLEN FROM OTHER(S) AS ONE'S OWN WILL BE PENALIZED AS DEFINED IN "AIOU PLAGIARISM POLICY".**

**ASSIGNMENT No. 1**

**Course: International Business & Finance (8702)**  
**Level: MS (Management Sciences)**

**Semester: Spring 2014**  
**Total Marks: 100**  
**Pass Marks: 50**

- Q. 1 Make a comparative study of Mercantilist's view regarding trade and absolute theory of international trade. (20)
- Q. 2 Discuss H.O. Model with its assumptions and also explain that how countries trading under this theory gain from trade. (20)
- Q. 3 Discuss main assumptions of Leontif Paradox model and how this model can be beneficial for international trade. (20)
- Q. 4 Differentiate between tariff and non-tariff barriers. Also analyze their economic effects. In your view which one is more effective in order to regulate international trade? (20)
- Q. 5 Discuss the application of Product Life Cycle Hypothesis in explaining the modern trends of international trade. Give examples from Pakistan's experience. (20)

**ASSIGNMENT No. 2**

**Total Marks: 100**  
**Pass Marks: 50**

- Q. 1 What is economic integration? Discuss its short run economic effects for the member and non members in detail. Also discuss the reasons why it is not successful among the developing countries. (20)
- Q.2 What are Multinational Corporations? Why and how they decide to invest abroad. (20)
- Q. 3 What are the implications of Globalization for Pakistan's Trade, Foreign Direct Investment, and Transfer of Technology. (20)

- Q. 4 Define FDI? Discuss with reference to Dunning Theory that how it takes place? Also discuss why Pakistan has failed to attract FDI in spite of lucrative policies. (20)
- Q. 5 Differentiate between fixed and floating exchange rates. Also discuss their merits and demerits. (20)

## **INTERNATIONAL BUSINESS AND FINANCE COURSE OUTLINE (8702)**

**Level: MS (Management Sciences)**

**Credit Hours: 03**

### **Unit-1 Introduction and Trade Theories**

- 1.1 Subject Matter of International Economics
- 1.2 Significance of International Business (IB)
- 1.3 Justification of IB
- 1.4 Classical Theories of IB
- 1.5 Dynamic Theories of IB

### **Unit-2 Trade Restriction: Tariffs**

- 2.1 Political Economy of Protection
- 2.2 Tariffs: Types and Their Objectives
- 2.3 Economic Effects of Tariffs for IB
- 2.4 Partial Equilibrium Analysis

### **Unit-3 Trade Restrictions: Non Tariff Barriers**

- 3.1 Types of Non-tariff Barriers
- 3.2 Economic Impact of Import Quotas and Tariff Ceilings
- 3.3 Other Non Tariff Barriers
- 3.4 Voluntary Export Restraints, Technical, Administrative, and Others
- 3.5 Regulations, International Cartels, Dumping, Export Subsidies, etc.
- 3.6 Comparison of Tariff and Non tariff Barriers in the International Context
- 3.7 Economic Implications of Non Tariff Barriers for IB

### **Unit-4 Economic Integration**

- 4.1 Theory of Economic Integration
- 4.2 Economic Effects of Economic Integration: Static and Dynamic
- 4.3 Attempts of Economic Integration in IB
- 4.4 Economic and Monetary Integration: The European Experience

### **Unit-5 Multinational Corporation and Foreign Direct Investment**

- 5.1 Motives for International Capital Flows
- 5.2 Portfolio Investments and Foreign Direct Investment
- 5.3 Multinational Corporations: Reasons for Their Existence
- 5.4 Critical Appraisal of the Role of MNEs from the Host Country, Parent Country, and Global Perspective
- 5.5

### **Unit-6 World Trade Organization**

- 6.1 Failure of the GATT and the Emergence of WTO
- 6.2 Critical Appraisal of the Role WTO
- 6.3 WTO Regulations and Free Trade
- 6.4 Implication of WTO Rules and Regulation for Pakistan
- 6.5 WTO and the Regional Economics

### **Unit-7 Globalization**

- 7.1 Historical Development of Globalization
- 7.2 Impact of Globalization for Developed and Developing Countries
- 7.3 Implications of Globalization for Pakistan's Trade, Foreign Direct Investment, Transfer of Technology, etc.
- 7.4 Liberalization of Trade Under Globalization and its Implication for LDCs and Pakistan

### **Unit-8 Foreign Exchange Markets and Exchange Rates**

- 8.1 Role of Foreign Exchange Markets
- 8.2 Fixed vs. Flexible Exchange Rates
- 8.3 Determination of Fixed and Flexible Exchange Rates
- 8.4 Critical Appraisal of the Fixed and Flexible Exchange Rates
- 8.5 Exchange Rate Adjustment: Development, Revaluation, Appreciation, Depreciation, etc.
- 8.6 Monetary Approaches to BOP and Exchange Rates

### **Unit-9 International Monetary System**

- 9.1 Evolution of the International Monetary System
- 9.2 European Monetary System
- 9.3 Era of Managed Floating Exchange Rates
- 9.4 Dollar Under Managed Floating Exchange Rates
- 9.5 International Monetary System: Present and Future

### ***Recommended Books:***

Salvator, D. (2009). *International Economics* (10<sup>th</sup> ed.). USA: John Wiley Sons.

Williamson J., & Milner, C. (1997). *The World Economy*. UK: Harvester Wheatsheaf.

Krugman, P., & Obstfeld (1997). *International Economics: Theory and Policy*. Singapore: AWL Inc.

Plesis, S. P. J. (1987). *International Economics*. UK: Butterworth.

Hodgson, J., & Herander, M. (1987). *International Economic Relations* (International ed.). London: Prentice Hall.

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