**Understanding of International Economic Relations**

**Professor: Rhee, Yeongseop**

**Class hours: Tuesday 9:00-12:00, GSIS 140 Room 201**

**Office hours: Tuesday 2:00-3:30 or by appointment**

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**Course Description:**

This course introduces the main concepts and methods of international economics and illustrates them with applications drawn from the real world. As the world economy continues to globalize, international economic issues grow in importance and complexity, creating many new challenges for international economic relations.

The first part of the course is an introduction to international trade theory. In this part, we spend most of classes in exploring the theoretical foundations of international trade, focusing on why nations trade, what they trade, and in what sense international trade is beneficial to trading countries. Also considered will be trade policies and the institutions that determine trade policy. The second part is an introduction to the theoretical foundation of international finance. This part will cover the basics of the international macroeconomics, focusing on why the balance of payments is important to the national economies, how the exchange rates are determined, and how open macroeconomic policies are undertaken. Also considered will be policy coordination under alternative exchange rate systems.

**Course Outline:**

The main textbook is P. Krugman and M. Obstfeld, International Economics: Theory and Practice (8th ed. 2009). Students are recommended to read other materials to keep up current developments in international economic theories and international economic relations.

This course will mainly be composed of regular lectures on basic concepts and related issues of the class schedule. But students are encouraged to actively participate in the class and any questions regarding the class materials or other relevant issues are welcomed.

**Evaluation:**

* Class attendance and participation: 10%
* Homework assignments: 20%
* Mid-term and Final exams: 70%

**Course Schedule:**

Week 1: Introduction, Labor Productivity and Comparative Advantage: Ricardian Model

Week 2: Resources and Comparative Advantage: The Heckscher-Ohlin Model

Week 3: The Standard Trade Model / Special Topics on Trade Theory

Week 4: International Factor Movements

Week 5: Traditional Trade Policy

Week 6: Trade Policy in LDC / Controversies in Trade Policy

Week 7: Political Economy of Trade Policy

Week 8: Midterm Exam

Week 9: The Balance of Payments, Exchange Rates and the Foreign Exchange Market

Week 10: Relations among Money, Interest Rates and Exchange Rates

Week 11: Price Levels and Exchange Rates in the Long Run

Week 12: Output and Exchange Rate in the Short Run

Week 13: Fixed Exchange Rates and Foreign Exchange Intervention

Week 14: Macroeconomic Policy and Coordination under Floating Exchange Rates

Week 15: Final Exam