**Topics in International Commerce I**

**(Capital Movement and International Macroeconomics)**

**Professor: Rhee, Yeongseop**

**Class hours: Wednesday 14:30-17:30, GSIS 140-1 Room 101**

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

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**Course Description:**

This course is designed to provide a basic understanding of the linkage between the domestic and foreign economies through capital flows and to explain international macroeconomic policies to handle problems arising from the linkage. Today, all economies are open and an economy will be greatly influenced by other foreign economies. Thus we have to understand how an economy fits into the world economy.

The domestic economy is linked to foreign economies through international trade and international financial transaction. This course focuses on the second part and is interested in looking at economic phenomena such as capital movements, exchange rates, interest rates, and at their relations with macroeconomic policies. The course is broadly divided into five parts. The first part is to understand basics of international transaction including balance of payments, foreign exchange market and parity conditions and to introduce one of the most popular tools to link domestic and foreign economies, Mundell-Fleming model. The third part covers issues related to exchange rates such as exchange rate determination and forecasting and foreign exchange market intervention. The third part explains international monetary cooperation at a global and regional level. The last part deals with other issues related to international money and finance.

**Course Outline:**

Instead of using a textbook, students are required to read materials assigned every week.

This course will combine regular lectures with group presentations by students (and maybe experts will be invited for special lectures). Students are requested to form into groups in the first week. For the first half of each class, a lecture on basic concepts and related issues following the class schedule will be provided. For the remaining hours, students are expected to make presentation of topics related to this course. The presentation is expected to address a basic description of the topic, what’s new and interesting, and their own interpretation of policy implications. Also they are required to submit two reports before week 8 and two more before the final exam on the materials assigned for the course. The report must include a summary of and their own interpretation and comments on the material.

**Evaluation:**

* Class attendance and participation: 10%
* Presentation and reports: 40%
* Final exam: 50%

**Course Schedule:**

Week 1: Introduction

Week 2: Basics of International Transaction

Week 3: Basics of Mundell-Fleming Model

Week 4: Application of Mundell-Fleming Model

Week 5: Exchange Rate Determination

Week 6: Foreign Exchange Market Efficiency and Exchange Rate Forecasting

Week 7: Intervention in Foreign Exchange Market

Week 8: Special Lecture

Week 9: International Monetary System

Week 10: Regional Monetary and Financial Cooperation

Week 11: International Financial Markets

Week 12: Financial Liberalization and International Financial Crises

Week 13: International Financial Regulation

Week 14: Course Review

Week 15: Final Exam