

# International Economic Relations (875.512)<sup>1</sup>

Instructor: Ahn, JaeBin ([jaebin.ahn@snu.ac.kr](mailto:jaebin.ahn@snu.ac.kr))

Class hours: 2020 Spring semester; Wednesdays 09:30-12:30 (140-1; #101)

Office hours: By appointment only (140-1; #602)

Teaching Assistant: Chun, Hyun Ji ([jacklinchun@naver.com](mailto:jacklinchun@naver.com))

## **Prerequisite Course:**

[Winter Seminar on Economics \(Introductory Economics\)](#)

## **Course Description:**

This is the mandatory course for commerce major students, introducing the main concepts and methods of international economics with applications drawn from the real world. The main goal of the course is to help students well equipped with economic concepts for advanced elective courses and independent research going forward.

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 foundations 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 among countries under alternative exchange rate systems.

## **Materials and Reference:**

Required textbook

[International Economics: Theory and Policy \(Krugman, Obstfeld & Melitz; Pearson\)](#)

Optional textbook:

[International Trade \(Feenstra and Taylor; Worth publishers\)](#)

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<sup>1</sup> Last revised on Feb.13.2020 in accordance with the change in SNU academic calendar.

[International Financial Management \(Bekaert and Hodrick; Pearson\)](#)

**Evaluation Method:**

- Class attendance and participation: 10% (ATTN: *electronic attendance system*)
- Problem sets (individual; 2 times): 10%
- Midterm and Final exams: 70% (35% each)
- Empirical exercise (10%): *this substitutes for one week's course (make-up class for a missing week due to coronavirus).*

**Lecture Plan (tentative; subject to changes):**

Week 1 (Mar.18): Introduction and Course Overview; Ricardian model (KOM, Ch.3)

Week 2 (Mar.25): Heckscher-Ohlin model (KOM, Ch.5)

Week 3 (Apr.1): Specific factors model (KOM, Ch.4)

Week 4 (Apr.8): Firms trade model (KOM, Ch.7)

Week 5 (Apr.15): No class: election day

Week 6 (Apr.22): A model of trade policy (KOM, Ch.9-Ch.12)

Week 7 (Apr.29): **Midterm Exam (in class; closed book)**

Week 8 (May.6): National income accounting and balance of payments (KOM, Ch.13)

Week 9 (May.13): Exchange rates determinations (KOM, Ch.14-Ch.16)

Week 10 (May.20): **Guest Lecture by Prof. Choi, Jaerim (University of Hawaii, Manoa):**  
Foreign Direct Investment and Offshoring (KOM, Ch.8)

Week 11 (May.27): Open economy macroeconomics (KOM, Ch.17)

Week 12 (Jun.3): Exchange rate regimes (KOM, Ch.18-Ch.19)

Week 13 (Jun.10): Wrap up—Current issues and practices in external sector assessment

Week 14 (Jun.17): **Final Exam (in class; closed book)**