



International Economics: Path to Balanced Growth

Prof. Thomas Bishop, Korea University

SHORT COURSE DESCRIPTION

This course will first examine the costs and benefits of tariffs, non-tariff barriers and export subsidies; and then examine commonly used clauses used in free trade agreements, which reduce or eliminate these trade restrictions and policies. We will look at these issues from a theoretical perspective as well as a policy perspective using the recent Korean-US free trade agreement. We will examine the benefits that domestic import-competing firms receive from these trade restrictions and policies, as well as the costs that domestic consumers face from higher prices, less competition, lower efficiency and less variety/quality. Next, we examine the benefits of international finance, and then the causes and consequences of crises in international finance. In particular, we examine the issues of contagion, panic, moral hazard, adverse selection that policy makers and international banks face when international financial crises occur. International financial regulation and international trade polices increasingly require collaboration of national governments as international trade, international finance, communication and transportation increase in the 21st century.

READING MATERIALS

- Pugel, Thomas, (2015), International Economics, Mcgraw-Hill, pages 137-188; 222-249. If desired, the book (not required) can be purchased at http://www.amazon.com/International-Economics-Mcgraw-Hill-Thomas-Pugel/dp/0078021774/ref=dp_ob_title_bk
- Korean-US FTA (2011):
<http://www.ustr.gov/trade-agreements/free-trade-agreements/korus-fta/final-text> (English) or
<http://www.fta.go.kr/main/situation/fta/term/> (한국어)
- Reinhart, Carmen M. and Kenneth S. Rogoff, (2009), This Time is Different: Eight Centuries of Financial Folly, Princeton University Press, pages 51-118. If desired, the book (not required) can be purchased at <http://www.amazon.com/This-Time-Different-Centuries-Financial/dp/0691152640>

COURSE REQUIREMENTS AND GRADING

Grades will be based on a group presentation in class and written paper about an issue in international trade (ex., tariffs, non-tariff barriers, export subsidies, clauses of free trade agreements) or international finance (ex., benefits or costs of international finance; causes of or solutions to international financial crises). Students will write a 600-1250 word (2.5-5 page) report and give a 10 minute presentation summarizing the topic of the report. The presentation is intended to be a summary of and preparation for the report.

Reports and presentations should explain how a topic in the assigned reading and/or class lecture *helps you understand* an issue in international trade/finance and/or how it *fails to explain* the issue properly.

In other words, you should analyze and/or critique a topic in course

- by analyzing the topic using the arguments and assumptions from the reading and/or lecture notes
- or by analyzing the topic in a different way and by critiquing the arguments and assumptions from the reading and/or lecture notes

I will grade your paper and presentation each on clarity (25%), coherence (25%) and logical analysis (50%). The presentation is worth 30% of your final grade; the written paper is worth the remaining 70%. A weighted score of 60% from the presentation and paper is needed to pass the course.

In addition, the ISS office requires that students attend at least 80% of the classes to pass the course.

COURSE SCHEDULE

– WEEK I –

Thursday (27 June)

Net exports and net funds outflow and their determinants (described in .pptx notes)

Friday (28 June)

Accounting in the balance of payments and exchange rates (described in .pptx notes)

– WEEK II –

Monday (1 July)

International trade: tariffs, International Economics, chapter 8.

Tuesday (2 July)

International trade: non-tariff barriers, International Economics, chapter 9.

Wednesday (3 July)

International trade: non-tariff barriers, International Economics, chapter 9.

Thursday (4 July)

International trade: dumping and export subsidies, International Economics, chapter 11.

– WEEK III –

Monday (8 July)

Benefits of international finance, This Time is Different.

Tuesday (9 July)

Costs of international finance: over-borrowing and debt overhang, This Time is Different.

Wednesday (10 July)

Costs of international finance: over-borrowing and debt overhang, This Time is Different.

Thursday (11 July)

Costs of international finance: types of financial crises, This Time is Different.

– WEEK IV –

Monday (15 July)

Costs of international finance: types of financial crises, This Time is Different.

Tuesday (16 July)

Solutions to financial crises, Regulations to prevent financial crises, This Time is Different.

Wednesday (17 July)

Solutions to financial crises, Regulations to prevent financial crises, This Time is Different.

Thursday (18 July)

Student presentations

Friday (19 July)

Student presentations

Papers are due by 5:00 p.m. in my inbox at twbishop@korea.ac.kr

Or, you may turn in the papers at the end of class.