



HANYANG UNIVERSITY

2019 HISS Syllabus (International Finance)

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Home Univ.: Hanyang University
Dept.: Division of International Studies

Description: This course introduces the development of international trade through Ricardian Model and Heckscher-Ohlin Model. Then, the course will provide factors causing currency value fluctuation in terms of International Parity Relationship (PPP, IRP) and the impact of macroeconomic policies on foreign exchange rates.

By the end of this course, students will be able to understand the international trade theory and international parity relationship. In practice, students will be able to apply theories and parties in analyzing the impact of a government policy on foreign exchange rate affecting currency value fluctuation or in financial decision-making process in multinational corporation setting.

Objective:

- To learn & understand the international trade theory and international parity relationship
- To be able analyze the impact of a government policy on foreign exchange rate and impact of currency value fluctuation
- To be able to apply the theories in parities in financial decision-making process

Preparations: International Finance: Theory and Policy by Paul R. Krugman, Maurice Obstfeld, et al. (10th Edition, The Pearson Series on Economics, Jan 31, 2014)

Schedule:

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| | 1 Introduction |
| Week 1 | Part 1 International Trade Theory 2 World Trade: An Overview 3 Labor Productivity and Comparative Advantage: The Ricardian Model 4 Specific Factors and Income Distribution |
| Week 2 | 5 Resources and Trade: The Heckscher-Ohlin Model 6 The Standard Trade Model 7 External Economies of Scale and the International Location of Production 8 Firms in the Global Economy: Export Decisions, Outsourcing, and Multinational Enterprises Midterm Exam |

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Part 2 International Trade Policy

- Week 3
- 9 The Instruments of Trade Policy
 - 10 The Political Economy of Trade Policy
 - 11 Trade Policy in Developing Countries
 - 12 Controversies in Trade Policy

Part 3 Exchange Rates and Open-Economy Macroeconomics

- Week 4
- 13 National Income Accounting and the Balance of Payments
 - 14 Exchange Rates and the Foreign Exchange Market: An Asset Approach
 - 15 Money, Interest Rates, and Exchange Rates

Group Presentation

Final Exam

| | Midterm (%) | Final (%) | Group Project (%) | Attendance (%) | Participation (%) | Total (%) |
|-------------|-------------|-----------|-------------------|----------------|-------------------|------------|
| Evaluation: | 35 | 35 | 20 | 5 | 5 | 100 |