

## Topics in International Economics

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This course builds upon the knowledge of international economics you accumulated in previous semesters and applies it to a series of specific case studies of international trade, international finance, and government policies to influence these. We will meet on Tuesdays and Thursdays from 8 am to 9:15 am in Gardner 106. International Economics (Economics 460) is a prerequisite for this course and Macroeconomics (Economics 420) will be quite useful.

The theme of this course will be the role that the US plays in the international economy. We will address its implications for international trade, for the environment, for foreign investment, for intellectual property, and for growth in both developed and developing countries.

The semester is divided into two parts. The initial section will be an extension of your knowledge on five topical areas central to international economic relations -- including trade, finance, and investment theory -- through case studies, class discussions and student presentations. In the final part, each student presents his or her original research and participates in drafting a "white paper" on appropriate US responses to development in the current international economy.

By the end of the semester, each student will have been graded on a paper (30 percent), written participation in the case studies and treaty negotiations (20 percent), a midterm (20 percent) and a cumulative final exam (30 percent). The midterm will be held in class on 17 October. The paper will be due the last day of class, 5 December, at the beginning of class. Late submission will be penalized by 1/3 letter grade per day. The final examination will be given on Thursday, 14 December, at 8 am. Student performance on all graded material is governed by the UNC Honor Code, and you will be expected to conduct yourself accordingly. Check [honor.unc.edu](http://honor.unc.edu) if you have questions about the expectations of the Honor Code.

There is no text for the course; each student is expected to have an international economics text for reference. We will also use extensively materials gathered on the course website in Sakai.

The course organization is a non-standard one, and relies heavily upon student participation. The following pages give greater detail on student responsibilities.

### **COURSE FRAMEWORK**

The initial twelve weeks will have two components: case study presentation of the theory and practice of five current issues in international economics, and class discussion of five related themes drawn from the current financial crisis. These cases and themes are:

<b>Issue</b>	<b>Case</b>	<b>Theme</b>
Commercial trade policy and unfair trade	Solar World and Declining US Production of Solar Panels	Trade policy in a high-tech industry
Effects of foreign direct investment	Ford Motor Company in Mexico	Imbalances, risk and the decision where to invest
International trade and the environment	Panning for Gold: the Kumtor Gold Mine in the Kyrgyz Republic	Kyoto, Copenhagen, and Paris: global environmental policy
Monetary and exchange rate policy	Alexis Tsipras and the Grexit Decision	The Euro, the Eurozone, and the potential of European economic growth
Intellectual property rights and developing countries	CIPLA Ltd. And the Provision of Anti-AIDS Pharmaceuticals in Africa	Trade or aid? The US Role in International Development Efforts

We will have roughly five class periods for each issue. We will begin each issue with the case study for identification of relevant questions. We will introduce the theory available for the analysis of these questions, and will return to the case for conclusions and extensions. We will then focus what we have learned from the case upon international trade and financial policy.

There will be substantial student involvement in the preparation, presentation and extension of each case. The 20 percent of the grade associated with participation will be assigned based upon the presentations made and the responses to written assignments associated with the case studies. This grade will be adjusted downward if there is failure to participate meaningfully in group activities.

Each student will choose to work in one of five groups in researching and analyzing an aspect of the international financial crisis. These are related to the themes above:

- Trade Policy in High-Tech Industries.
- Kyoto, Copenhagen, Paris and the US environmental policy.
- Global imbalances, risk and the decision where to invest.
- The Euro, the Eurozone, and the potential of European economic growth.
- Trade or Aid: What is the US Role in Third-world Development?

The groups will have this common theme, but each of you will write your own paper on an individual topic within that theme. Your group will also be responsible for a joint presentation that summarizes your analysis and provides policy recommendations for ending the crisis and avoiding future crises. In the final three weeks, you will give that presentation; you will also work with the other students in the class to agree upon a joint “white paper” that summarizes your consensus recommendations. On the final day of class, you as a class will be debriefed by senior governmental administrators in a policy review session.

## **YOUR RESPONSIBILITIES**

The final product expected of you will include:

- Written one-page analyses associated with each of the case discussions.
- The paper described above.
- A one-page outline of your recommendations for the “white paper”, due before the thirteenth week.
- Participation in drafting the white paper.
- A mid-term exam covering lecture and discussion materials from the first six weeks of class.
- A comprehensive final exam.

## **THE COURSE PAPER**

There is no length requirement per se but it is expected that your paper will comprise between 15 and 20 double-spaced, typed pages with normal margins. The paper must include a complete bibliography and proper citation of sources. The use of diagrams is encouraged in the analytical section; these should be appended to the paper, described fully in the text, and not counted toward this page target.

Except in extraordinary circumstances, students will be penalized one-third grade per calendar day for late submission. A paper not submitted by the final exam is worth zero.

The paper must represent your original work completed during the current semester. All quotations and paraphrased material must be identified as such in the text.

Once you’ve chosen your group, you will sit down with me and your other group members to determine what part of the theme you’ll be responsible for researching. Your assignment will define the perspective from which you write your paper – for example, the goals of developing countries in exiting the financial crisis will be quite different from the goals of the US in exiting the financial crisis. Your assignment will be independent of all others in your group, and your paper should be treated as an independent graded assignment.

1. Structure. This is your paper, and you are responsible for its content. If you’re unsure of the appropriate content, here is a suggested outline of important substantive components for the paper.

**Goal.** What, from your perspective, should the world achieve by the end of the crisis?

**Description of recent history.** In this section, you should discuss the historical experience in the area of your expertise before the financial crisis and during the financial crisis. For example, what was developed-country perspective on climate change policy before the crisis, and how did the crisis alter that? (Note that developing-country perspective can be quite different from developed-country perspective – those could be two independent paper topics.)

**Current state of policy.** How are countries or other actors affected by the current financial crisis? You should use theory extensively to describe the current situation.

**Analysis of policy reform.** In this section, you bring the results of your research to bear. Put forward your suggestions for reform. Demonstrate their impact within the theoretical structures presented in class. These reforms must be economically feasible – if your policy reform is a stimulus program, for example, you have to explain where the funds will come from.

**Conclusion.**

2. Grading. The papers will be evaluated along the following dimensions, with equal weight given to each:

- **Research effort.** This evaluates the degree of outside research done by (a) the degree to which the bibliography incorporated materials found outside the class, and (b) the degree to which the written text reflected a thoughtful and analytical incorporation of those materials.
- **Organization of report.**
- **Analytical effort.** This refers to your success in bringing the economic theories discussed in class and the research results of your collaborative work into your evaluation of the economic situation facing your actor.
- **Descriptive detail.** This rewards your ability to provide relevant detail about the economic situation facing your actor.
- **Recommendations.** These should follow directly from the analysis included in the paper.