

Topics in International Economics

Professor Patrick Conway
300-F Gardner
Office Hours: Monday through Thursday, 2-3 pm
and by appointment
E-mail: patrick_conway@unc.edu

This course builds upon the knowledge of international economics from previous semesters and applies it to a series of specific case studies of international trade and international finance. We will meet on Tuesdays and Thursdays from 8 am to 9:15 am in Gardner 001. 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 US-China economic relations.

By the end of the semester, each student will have been graded on a paper (30 percent), on written participation in the case studies and white-paper drafting (20 percent), on a midterm (20 percent) and on a cumulative final exam (30 percent). The midterm will be held in class on 16 October. The paper will be due the last day of class, 4 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, 13 December, at 8 am. If you miss the midterm, the weight of that midterm in the course grade will be added to the weight on your final. An exception will be made for University-approved absences (see <http://catalog.unc.edu/policies-procedures/attendance-grading-examination/>); students with this type of absence may request a make-up examination at a time convenient to both student and instructor.

There is no required text for the course. Each student is expected to have an international economics text (e.g, from Economics 460) for reference. We will also use extensively materials gathered on the course website in Sakai.

This is a course with a research component, and we will have the benefit of a Graduate Research Consultant (GRC). The GRC is a graduate student in economics who will assist you with the empirical analysis of the research questions you undertake in this course. The GRC Program is sponsored by the Office for Undergraduate Research (OUR). You may be able to use your work in this course to meet a requirement of the Carolina Research Scholar Program. Visit the OUR website to learn how you can engage in research, scholarship and creative performance while at Carolina.

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:

| Issue | Case | Theme |
|---|---|---|
| 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 US-China economic relations. These are related to the themes above:

- US-China trade policy in high-tech industries.
- US-China cooperation (or competition) in environmental policy.
- US and Chinese policies constraining foreign investment from the other.
- The dollar, the yuan, and China's management of the bilateral exchange rate..
- The economic consequences of China's holdings of US Treasury obligations.

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 the two countries. In

the final three weeks, you will give that presentation; you will also work with the other students in your group to draft a “white paper” bilateral agreement between China and the US in this substantive area. 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 your group achieve as a bilateral outcome?

Description of recent history. In this section, you should discuss the historical experience in the area of your expertise. For example, what were US and Chinese perspectives on climate change policy until now? (Note that the US perspective can be quite different from the Chinese – those could be two independent paper topics.)

Current state of policy. How are US, Chinese or other actors affected by the current policy structure? This could be national or multilateral policy. 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.
- **Incorporation of empirical content, including work with GRC.**
- **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 group.
- **Recommendations.** These should follow directly from the analysis included in the paper.

THE HONOR CODE

All graded work in this course will be subject to the Honor Code. If you have any questions about the Honor Code and its implications for your work, consult honor.unc.edu.

GRADING SCALE

Your final grade for the class will be a letter grade, with possibly a + or – attached. On case study assignments, midterms and final exam your grade will be in numeric form. Here is the concordance from one to the other:

| | | | |
|--------------------|-------------------|-------------------|-------------------|
| | B+: 86.00 – 88.99 | C+: 76.00 – 78.99 | D+: 66.00 – 68.99 |
| A: 93.00 to 100 | B: 82.00 – 85.99 | C: 72.00 – 75.99 | D: 62.00 – 65.99 |
| A-: 89.00 to 92.99 | B-: 79.00 – 81.99 | C-: 69.00 – 71.99 | D-: 59.00 – 61.99 |

Any lower grade will be an F.

OTHER STUDENT SUPPORTS

Accessibility Resources and Services: If you have a learning disability and need accommodations to participate in classes or graded work, be sure to alert me and to obtain certification for that accommodation through the Office of Accessibility Services on campus. Consult ars.unc.edu for additional details.

Counseling and Psychological Services: CAPS is strongly committed to addressing the mental health needs of a diverse student body through timely access to consultation and connection to clinically appropriate services, whether for short or long-term needs. Go to their website: <https://caps.unc.edu> to learn more or visit their facilities on the third floor of the Campus Health Services building for a walk-in evaluation.