

Syllabus

Required course for MBA students

Name of subject:	International economics
NEPTUN code:	GTGKG203MNA
Nr. of classes/semester:	2+2
Credits:	5
Teaching staff:	Zoltán Bartha, PhD, zolib@hu.inter.net, A/4 419
Place of classes:	Building A4, Room 421B
Date of classes:	Monday, 14:00-17:30
Department:	Institute of Economic Theory and Methods
Semester:	Autumn
Course objective:	The purpose of the course is to introduce students to the topic of open economies, with special regards to the effect of global capital and currency markets on the national economies.
Assessment:	PPT presentation and final test

Course structure	
5 September	Hot topics of international economics, and study materials of the course Methods of analysis in international economics, the economics approach
12 September	Guest lecturer – Kamil Kowalski (University of Lodz, Poland)
19 September	Benefits from trade. International specialisation Trade theories: Ricardo's and Samuelson's view
26 September	No teaching
3 October	Restricting international trade. Protectionism and tariff analysis
10 October	Student presentations – Topic 1 (international trade)
17 October	International flow of factors (capital and labour) Intertemporal transformation curve and the Samuelson-model
24 October	No school day
31 October	National no school day
7 November	Student presentations – Topic 2 (international factor movement)
14 November	Open economies and the exchange rate Exchange rate regimes and the current account
21 November	Interest rate parity. Money markets and exchange rates The law of one price, and the purchasing power parity condition Real exchange rate – short term equilibrium
28 November	Student presentation – Topic 3 (exchange rates)
5 December	Final test

Required reading

Paul R. Krugman – Maurice Obstfeld: International economics – Theory and policy. Pearson 2003, Chapters 3, 4, 7, 8, 13, 14, 15, 16 and 17.
Lecture notes: <http://gtk.uni-miskolc.hu/gei/intecon>

Suggested reading

Recent issues of The Economist: <http://www.economist.com/>
Robert A. Mundell: International economics. MacMillan 1968
Charles van Marrewijk: International economics: Theory, Application and Theory.

Oxford 2007

James Gerber: International economics. Pearson, 2007

Assessment

Classroom participation: max. 5 points

Presentation: max. 15 points (check pages 3-4 for details)

Final test: max. 20 points

Grades: 0-19 points – Fail (1); 20-24 points – Pass (2); 25-29 points – Medium (3); 30-34 points – Good (4); 35-40 points – Excellent (5)

Miskolc, August 29, 2016

Details of the student presentation

Task: A ~30-minute PPT presentation, in which students elaborate on

- the background story of the case,
- special topics and concepts relevant for international economics
- the international economics context relevant to the case
- possible outcome of the case – what can we expect in the future?
- pros and cons

Deadline for setting a topic: Preferably during the first class (5 September), but 12 September at the latest

Deadline for sending the ppt presentation to zolib@hu.inter.net: 4 days before the presentations

Presentation: See table above

	Topic	Issue
International trade		
1	Brexit and trade	The European Union (EU) is the UK's largest trade partner. Around a half of the UK's trade is with the EU. EU membership reduces trade costs between the UK and the EU. This makes goods and services cheaper for UK consumers and allows UK businesses to export more. http://cep.lse.ac.uk/pubs/download/brexit02.pdf
2.	EU-USA trade deal	After three years, 14 rounds and "hundreds of meetings, hours spent on the phone and many TTIP proposals exchanged, discussed and exchanged again", as EU chief negotiator Ignacio Garcia Bercero put it during a press conference on Friday (15 July) - there is still nothing that both parts agree on, and not even one text which lists the EU-US positions side by side. https://euobserver.com/economic/134385
International factor movement		
3	Capital movement	Annual net foreign direct investment flows have been on generally decreasing trend since Hungary's accession to the EU ten years ago. http://ec.europa.eu/economy_finance/publications/occasional_paper/2015/pdf/ocp220_en.pdf (page 24)
4	Capital movement	We've now seen three island nations around Europe become huge international banking hubs relative to their GDPs, then get into crisis because their domestic economies don't have the resources to bail out those metastasized banking systems if something goes wrong. All of which raises the question, is the era of free capital movement just a bubble, fated to end one of these years, maybe soon? http://krugman.blogs.nytimes.com/2013/03/18/the-%D1%8Fussians-are-coming-the-%D1%8Fussians-are-coming/?_php=true&_type=blogs&_r=0
5	Capital movement	Switzerland is still the world leader in wealth management, looking after \$2.1 trillion in assets. But the attacks from Washington, DC, and, more recently, European capitals have sent its moneymen reeling. In 2009 UBS paid America \$780m to end a tax-evasion investigation http://www.economist.com/news/special-report/21571555-offshore-industrys-centre-gravity-shifting-eastwards-rise-midshores
6	Migration	TWO recent reviews of issues that worried voters the most in 2015 in America and Britain, from Gallup and Ipsos/MORI respectively, noted a marked rise in concerns about immigration. A topic that has trundled along for years in both countries gained traction with the ascent of populist candidates in the Republican presidential race in America and the UK Independence Party in Britain. http://www.economist.com/blogs/graphicdetail/2016/01/public-opinion-and-immigration
7	Migration	Immigration to Europe should be largely halted, Hungarian Prime Minister Viktor Orban said late on Sunday, demanding a robust EU response to last week's killings in France. http://www.reuters.com/article/2015/01/12/us-hungary-orban-immigration-idUSKBN0KLOL320150112
Exchange rates		
8	Exchange rates	Anyone walking down Florida Street, a pedestrianised shopping spot in downtown Buenos Aires, is greeted with brazen chants of "cambio, cambio, cambio" ("change, change, change"). The currency-traders who congregate there will sell a dollar for about ten pesos. They have no shortage of customers. Yet in theory, anyone can buy a dollar from the government for 5.95 pesos.

		http://www.economist.com/news/finance-and-economics/21589919-heavy-handed-controls-foreign-exchange-spawn-elaborate-dodges-clamped
9	Exchange rates	A decade later, Mr Schumer and other senators are still bashing the yuan: eight of them re-introduced a bill last week that would slap duties on currency manipulators. But much else has changed. Now allowed to float by 1% a day on either side of a reference rate set each morning by the central bank, the yuan closed trading on May 27th at 6.12 to the dollar, 35% stronger than its June 2003 rate. http://www.economist.com/news/china/21579488-after-enduring-decade-criticism-its-weakness-chinas-currency-now-looks-uncomfortably
10	Exchange rate regimes	Floating exchange rates have helped Britain and Poland outperform their neighbours. Britain's terrible years between 2007 and 2009 could have been much worse if the pound had not dropped in value by 25%. Poland too escaped the worst of the recession, in part due to the zloty falling in value by a third. http://www.economist.com/blogs/freeexchange/2013/10/economic-recoveries
11	Exchange rate	On January 15th, when the Swiss National Bank (SNB) suddenly announced that it would no longer hold the Swiss franc at a fixed exchange rate with the euro, there was panic. http://www.economist.com/blogs/economist-explains/2015/01/economist-explains-13
12	Exchange rate regimes	"When we have the euro, I can be sure that the currency will not devalue, then I could really speak with banks and plan my business. And in general business will feel more stable in Latvia." http://www.bbc.co.uk/news/business-25332243
13	Exchange rates and interest rates	Overnight Russia has raised the central bank interest rate in order to try to protect the ruble. The currency had, at one point yesterday, lost 13% of its value against the dollar. http://www.forbes.com/sites/timworstall/2014/12/16/russia-raises-interest-rates-to-17-to-defend-ruble-might-work-might-not/