

Course Outline

2017

ECON 352: INTERNATIONAL FINANCE (15 POINTS)

Semester 2 (1175)

Course Prescription

A study of the modern literature on exchange rate markets, exchange rate determination and the implications of a wide range of issues and problems in international finance. Students will gain an understanding of why exchange rates change, of financial market arrangements, and of the reasons for, and implications of, recent events in international financial markets.

Programme and Course Advice

Prerequisites: ECON 201 Microeconomics and ECON 211 Macroeconomics

Goals of the Course

The purpose of this course is for students to become familiar with the basic international finance theories and practices, from which they can explain various international phenomena and understand various international financial market policies. Students will be introduced to a range of issues in international macroeconomics.

Learning Outcomes

By the end of this course it is expected that the student will be able to:

1. understand key definitions of exchange rates and related concepts;
2. understand how the foreign exchange market works;
3. understand how the exchange rates are determined;
4. understand currency crises and other types of financial crises;
5. understand alternative international financial architectures.

Content Outline

The course consists of two six week components. The first component focuses on the models for exchange rate determination.

Topic 1: Introduction. Exchange Rates I: The Monetary Approach in the Long Run

Topic 2: Exchange Rates II: The Asset Approach in the Short Run

Topic 3: National and International Accounts: Income, Wealth, and the Balance of Payments

Topic 4: Balance of Payments I: The Gains from Financial Globalization

Content Outline *continued*

Topic 5: The Balance of Payment II: Output, Exchange Rates, and Macroeconomic Policies in the Short Run

Topic 6: Fixed versus Floating: International Monetary Experience

The second component deals with broader institutional issues concerned with different types of financial crises and alternative international financial architectures.

Topic 7: Capital Account Liberalisation Issues, the Dynamics of International Currency Use and International Currency Competition

Topic 8: Case Study of Chinese Renminbi and Internationalisation of the RMB

Topic 9: International Financial Crises: Currency crises, Banking Crises, Sovereign Debt Crises, and Financial Contagions

Topic 10: International Economic policy Coordination and Theory of Optimal Currency Areas and European Currency Union

Topic 11: European Currency Union and the European Sovereign Debt Crisis

Learning and Teaching

This course will be taught in the first semester and will have three hours of lectures and a one hour tutorial each week. Tutorials will begin in the second week of the semester. The times for the lectures are Tuesday 10.00am to 12.00pm and Wednesday 11.00am to 1.00pm. Tutorials led by a graduate teaching assistant will be held on Thursdays (12-1pm; 4-5pm) and Fridays (1-2pm).

Lecture slides will be posted on CANVAS along with all other course material including tutorial material and sample questions. Students will be introduced to a range of general background readings together with more specific material for individual topics within each lecture. Texts and set readings will be available from the University's Short Loan Desk and electronic access to most readings will be available on the ECON 352 course Library website. An electronic file of the most up-to-date recommended articles will also be made available in the CANVAS system to those enrolled in the course.

Teaching Staff

Dr. Alexandre Dmitriev

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Learning Resources

Prescribed textbook: (available in the Library Short Loan Collection)

- Feenstra, R.C. and Taylor, A.M. (2014) *International Macroeconomics*, 3rd edition, Worth Publishers

Assessment

Assessment will be based on three requirements: a mid-term test worth 30%, the final examination worth 70%; and to pass the course, a student should obtain more than 50% of the total mark.

Mid Semester Test Date	
Semester 2 - Week 6	Wednesday, 30 Aug 2017

More details will be provided at lectures and on CANVAS.

Plussage does **NOT** apply.

Learning Outcome	Test	Final Examination
1 – 3	X	X
4 – 5		X

Student Feedback

Student feedback is encouraged in this course. During the semester, students may directly submit their feedback to the lecturer through a face-to-face appointment, or they may wish to submit feedback through the class representative.

Class representatives

At the beginning of each semester, you will elect a class representative for the paper^[1]. The role of the class representative is to gather feedback from students in the course and bring this to the lecturer and/or the Department. Class representatives' email addresses are posted on CANVAS and you are encouraged to contact them with feedback relating to the course. You are also welcome to talk to the class representatives in person.

Staff-Student Consultative Committee

Class representatives also submit feedback to the Department of Economics Staff Student Consultative Committee (SSCC), which meets up to three times per semester to gain feedback regarding the course. Only class representatives may attend the SSCC meetings, and they will ask the class for feedback before the SSCC meeting.

Course and teaching evaluations

At the end of the semester, you will have the opportunity to submit an evaluation of the course in a formative feedback questionnaire.

^[1] An election will not take place if the number of applicants for the class representative positions equals the number of positions available.