

## Course Outline 2017

### **ECON 751: ADVANCED INTERNATIONAL FINANCE (15 POINTS)** **Semester 2 (1175)**

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#### **Course Prescription**

This course introduces key empirical facts on international finance, develops theoretical models explaining some puzzling phenomena, and analyzes policy-related issues.

#### **Programme and Course Advice**

Before taking this course, students should have understood the material in ECON 352 International Finance and/or ECON 311 Macroeconomic Theory and Policy or in corresponding postgraduate level courses. This course may also complement other advanced courses, for example in Finance and International Business.

#### **Goals of the Course**

The course offers an introduction to international finance and macroeconomics at the graduate level. It explores the causes and consequences of financial globalization, the dynamic pattern of international capital flows, the historical evolution of capital account management policies, and the driving forces behind financial crises. The critical role played by financial markets and institutions in the international financial system (and in the global financial crisis) will also be examined, along with the role played by central banks and the IMF. The goal of this course is to provide an analytical framework for thinking about contemporary issues in international finance.

#### **Learning Outcomes**

By the end of this course, student should understand

1. The key empirical facts and the major policy issues in international finance;
2. the core elements of international macroeconomic models;
3. how to conceptualize and analyze the current issues with advanced technical tools (e.g., dynamic programming, game theory);
4. how technology progresses, structural change, and financial market development in advanced economies and in emerging economies have reshaped the policies of capital account management in the recent decades;
5. the historical evolution and the current challenges of international monetary and financial system.

#### **Content Outline and Schedule (Tentative)**

This course will cover the following topics:

1. Current Account Determination and Global Imbalances (3 weeks)
2. Financial Frictions, Pecuniary Externality, and Optimal Capital Controls (2-3 weeks)
3. Capital Flows Volatility and Sudden Stops in Emerging Economies (2-3 weeks)
4. Home Bias Puzzle in International Bond and Equity Markets (2-3 weeks)

## Learning and Teaching

Weekly lectures are scheduled at 09:00-12:00, Tuesday, in room OGGB 260-040B. Students are encouraged to read about current events in the global economy and share their opinions in the classroom discussions during the semester.

## Teaching Staff

**Dr. Haiping Zhang** email: [haiping.zhang@auckland.ac.nz](mailto:haiping.zhang@auckland.ac.nz) Telephone: 9231152  
Office Hours: Tuesdays 13:00-15:00 or by appointment. Location: Room OGGB 657

## Learning Resources

There is no set text. Please check Canvas regularly for course announcements, lecture slides, and other learning materials.

Supplementary materials:

- Obstfeld, M. and K. Rogoff, Foundation of International Macroeconomics, 1996, MIT Press.
- Obstfeld, M. and A. M. Taylor, Global Capital Markets: Integration, Crisis, and Growth, 2005, Cambridge University Press.
- Reinhart, C. M. and K. Rogoff, This Time is Different: Eight Centuries of Financial Folly, 2011, Princeton University Press.
- Uribe, M and S. Schmitt-Grohé, Open Economy Macroeconomics, 2017, Princeton University Press.
- Vegh, C., Open Economy Macroeconomics in Developing Countries, 2013, The MIT Press.

## Some Useful Links

- IMF: <http://www.imf.org> OECD: <http://www.oecd.org>
- World Economic Forum: <https://www.weforum.org/>
- The Economist: <http://www.economist.com/>

## Assessment

- Two Assignments 40%
- Final Exam 60%.

To pass this course, students must get more than 50% of total mark.

*Plussage does **NOT** apply.*

Practice problem sets provide an indication of the standard required and an opportunity to develop problem-solving skills. Assignments help students understand the material taught in class and in tutorials.

In the final exam, student should demonstrate their problem-solving skills and the understanding of theoretical models as well as their ability to describe and explain their results intuitively.

Learning Outcome	Assignment 1	Assignment 2	Final Exam
1	X	X	X
2	X	X	X
3	X	X	X
4	X	X	X
5	X	X	X

## **Course Policies**

Student must ensure that they hand in the Assignment on the due date. No extension will be granted. There will be a severe penalty imposed on any late hand-ins up to a time stipulated by the lecturer. All students enrolled in the class are expected to take the exams on the scheduled dates.

An exception to this rule may be made in the case of a legitimate and pressing need to be excused, such as an illness, bereavement or other emergency, at the discretion of the lecturer. Please contact the lecturer if you experience such a circumstance along with any evidence you might have.

## **Cheating and Plagiarism**

The University of Auckland regards cheating as a serious academic offence. Cheating and copying on tests and exams will not be tolerated. Students are not allowed to copy Assignments from fellow students. Any student caught doing any of the above will face serious penalties.

Plagiarism is a form of cheating. In coursework assignments submitted for marking, plagiarism can occur if you use the work and ideas of others without explicit acknowledgment. Work can be plagiarised from many sources, including books, journal articles, the internet, and other students' assignments. A student's assessed work may be reviewed against electronic source material using computerized detection mechanisms. Upon reasonable request, students may be required to provide an electronic version of their work for computerized review.

The way of avoiding plagiarism is to reference your work properly. If you are in doubt about how to reference properly, ask someone – your lecturers, tutors and the Student Learning Centre are good places to start. Please refer to the following website for further information about academic referencing: [www.cite.auckland.ac.nz/](http://www.cite.auckland.ac.nz/)

The document Guidelines: Conduct of Coursework provides further advice on how to avoid plagiarism. It can be found at: <https://policies.auckland.ac.nz/policies/Policies/policy-display-register/guidelines-for-the-conduct-of-coursework.pdf>

The penalties for plagiarism can be severe, including losing some or all of the marks for the work. Major offences can be sent to the University's Discipline Committee, where further penalties can be imposed.

## **Third Party Assistance with Coursework**

While you are encouraged to improve your coursework writing skills and are permitted to seek assistance from third parties you are advised that there are important limits on the amount and type of assistance that can be given to you in completing your assignments, including group work. Third parties include fellow students, reading groups, friends, parents, SLC tutors, and paid-for professional editing services.

There is a set of guidelines which clearly indicates the type of advice and assistance that can be given. If you are seeking the assistance of any third party you are required to give a copy of the guidelines to the person prior to them helping or assisting you. You are also required to only seek and accept help using a printed version of your work, not an electronic version. You must keep a copy of this printed version and produce it if required. See [www.business.auckland.ac.nz/thirdpartyassistance](http://www.business.auckland.ac.nz/thirdpartyassistance) for the guideline.

## **Inclusive Learning**

Students are urged to discuss privately any impairment-related requirements face-to-face and/or in written form with the course convenor/lecturer and/or tutor.

### **Help with Academic Referencing**

Acknowledgement of sources is an important aspect of academic writing. The University's Referen@ite website [www.cite.auckland.ac.nz](http://www.cite.auckland.ac.nz) provides students with a one-stop online resource for academic referencing needs. Referen@ite explains the essentials of referencing and how to avoid plagiarism. It also includes practical tools to help students reference correctly, use references effectively in writing, and gives fast access to some major reference formats with examples.

### **Student Feedback**

Student feedback is encouraged in this course. During the semester, students may directly submit their feedback to the lecturer, 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 course. 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 encouraged 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 could have the opportunity to submit an evaluation of the course in a formative feedback questionnaire.