

The School of Economics  
*Georgia Institute of Technology*  
**ECON4801A: Global Financial Economics**  
4355 Prof. Christine P. Ries  
Spring 2003

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**Office Hours:** Network availability M/W 1:45-2:45. Schedule office visits or other email meetings directly.

**Texts:** Burton, Maureen & Ray Lombra, The Financial System & the Economy, 3rd ed. Southwestern Publishers, 2003.

Study Guide to The Financial System & The Economy, Prepared by A. Schiller Casimir.

Required Subscription to Wall Street Journal

**Course Objectives:**

This course guides students through a study of the global financial system. This is a system of markets for the *exchange* of capital, money, goods and services. The course will provide students an opportunity to learn about the **institutions and individuals** that interact in these markets and the fundamental, **defining relationships** that are determined in these interactions.

The course will specifically examine the markets and exchanges that are 'supranational.' These are the markets and exchanges that occur outside of boundaries created by nationality or geography. The economic reach of these truly 'global markets' is increasing and increasingly beyond the reach of regulation. Because these markets challenge the control and authority of national governments, the study of these markets will form one of the most important aspects of the student's study.

In essence these markets, institutions, and individuals, constitute a system which increasingly drives interest rates and prices in the various national economic systems. Therefore, we find that national economic indicators, stock market behavior, prices, employment, can best be understood in relation to the global system rather than as national phenomenon controlled by national economic policies and structures. That is, national indicators are often determined by the relationship of nation state policies to the global system.

We will examine the institutions and individuals that constitute the national economic system. We will also consider how the interactions between the groups, and particularly economic policy, affect prices, interest rates, economic growth, etc. We will also examine the trading of money, goods, and securities in the global market place. We will review the fundamental relationships that must prevail in the global marketplace and how these relationships determine national prices and yields.

Finally, we will review the effects of changes in foreign countries and changes in the global market place on domestic corporations and investors.

### **Course Requirements:**

Classwork will include preparation and discussion in class, unannounced in-class quizzes, two exams, a team-based review of a financial actor or institution, and weekly reviews of articles from the Wall Street Journal. There will also be a final team project. The course project will be prepared and presented in teams of four students who will generally share a grade for the project.

Homework exercises will be recommended but not evaluated or collected. Class assignments and extra readings as well as special announcement will be posted on WebCT and announced in class. All students are responsible for staying abreast of announcements and WebCT postings.

Make up exams and quizzes will not be given. In the case of illness or other **documented** emergency on announced exam days or on quiz days, contact me prior to the test or immediately thereafter and provide me with written documentation regarding the absence. When excused, the missed test will be scored as an average (weighted) of the other test scores. The same procedure will be followed for the category of quizzes. Only **one** test and one quiz will be excused. Unexcused absences from tests or quizzes will be recorded as grades of zero.

### **Attendance**

**Attendance** in class is expected and all students are responsible for preparing for case and class discussions. In the event of necessary absence, please review a fellow student's class notes, ask classmates about special announcements, and check WebCT. Students are responsible for all class lecture, announcements and discussion even when absent. **The instructor will review materials individually only for students with excused absences** and after excused students have worked with classmates to make up their work. We have 30 class sessions, including exams, quizzes, internet exercises and project presentations. Three or more absences are considered excessive and will result in reduction of course grade. Any student missing three or more classes cannot expect to master sufficient material to receive an A or B in the class. Students missing 5 or more classes will receive failing grades.

Attendance for days when teams present reports is absolutely required.

Class discussion will include material that is not covered in the text. The added material will cover current issues in business and technology applications.

Adherence to the honor code is expected; contact me if you have questions regarding appropriate behavior.

## Grades and Evaluation

Grades will be determined based on the following weights:

WSJ Reviews	20%
Exams                      2@15%	30%
Institution/actor review	25%
Final Class Project	25%

**Grades will not conform to any standard scale that relates test score percentages to letter grades.** Rather, grades will be curved, with the distribution of grades conforming to the scale above, which is consistent with distribution policy in the School of Economics.

Grades will be posted on WebCT as earned and will accumulate over the semester. WebCT will also report the accumulated scores to date. Final letter grades will be determined by ranking the total numerical scores and assigning grades to conform to the percentages above.