

EC344 - Economics of International Finance

Pedro de Araujo

Palmer 230 - Block 7 - Spring 2015

CONTACT INFORMATION	<p><i>Office:</i> Palmer Hall 114I <i>Phone:</i> (719) 389-6470 <i>E-mail:</i> pedro@coloradocollege.edu <i>Course Webpage:</i> http://faculty1.coloradocollege.edu/~pdearaujo/ec344.html</p>
OFFICE HOURS	Monday to Thursday from 13:00 to 14:00 or by appointment
COURSE OBJECTIVE	<p>This course studies international capital flows and their implications for economic policies for individual nations and the world as a whole. It will introduce the main concepts and theories of international finance and illustrate them with applications drawn from the real world. We will address a wide range of issues, including the balance of payments, exchange rate determination, international policy coordination, and the international capital market. Also, we will focus on how can economic downfalls in some countries/regions affect the economies of other countries.</p> <p>One of my goals is that by the end of this block you are able to read and understand articles related to international finance from sources like the <i>The Wall Street Journal</i> and <i>The Economist</i>. Also, I hope you will begin to understand articles from refereed economics journals.</p>
COURSE STRUCTURE	<p>This course will be a mixture of lectures, activities, and discussions. I plan to introduce important concepts through lecture usually during the first half of class and use activities such as problem solving sessions, games, and others to solidify these concepts during the second half of class.</p> <p>Class will start at 9:00. At about 10:30, we will have a 10 to 15 minute break and then resume class until 12:00.. There will be days we will need to stay longer or work on afternoon problems, hence, I expect all of you not to plan any activity before 15:00.</p>
REQUIRED TEXTBOOK	Krugman, Paul R. and Obstfeld, Maurice: "International Economics: Theory and Policy," Pearson Addison-Wesley, 9th ed., 2012
COURSE ASSIGNMENTS AND WEIGHTS	<p>Exams (3) - 20% each Problem Sets - 15% Presentation - 20% Self-Reflections - 5%</p>

GRADE
DISTRIBUTION

A	100-94	B	88-83	C	78-73	D	60-50
A-	94-90	B-	83-80	C-	73-70	NC	50-0
B+	90-88	C+	80-78	D+	70-60		

EXAMS

Exams will begin at 9:00 and taken at any place you feel comfortable. All exams are open-note open-book. You will have a maximum of 8 hours to complete the exam. All exams will cover all the material taught in class up until the day of the test; however, exams are not cumulative. There will be a 25% deduction on every exam that is turned in late.

PROBLEM SETS

There will be 3 problem sets in this course. These problems are designed to get you to practice your problem solving skills. They will be variations of problems solved in class. You are not required to complete your problem sets. If you complete every problem set, however, on time, and attempt to answer every question, you will earn all 12% of your grade. In case you decide not to complete your problem sets, the 12% will roll over to your exams. You must turn in every problem set in order to earn the 12%.

PRESENTATIONS

Throughout history many countries have experienced financial and currency crisis. Your job is to select such an episode and prepare a presentation detailing the nature of the crisis (what happened? why did it happen? in what context it happened?), how it was resolved (government intervention?, international help? etc.), and what would you have done differently (either to prevent the crisis from happening or actual policy during the crisis). You will need to effectively use theory and data from the literature to support your arguments.

The presentations will be in groups of 3 students (may use the same group for problem sets and presentation). You will have between 20 and 25 minutes to present. Every group participant will have to talk for at least 5 minutes.

Your grade for this portion of the course will be determined in the following way: I will grade you on content - how well can you explain the main ideas and conclusions of your topic; on structure - how well organized is your presentation; on your ability to answer questions from me and your peers; and on your presentation skills in general - voice volume, posture, and clarity.

SELF-
REFLECTIONS

Throughout the block, you will have 17 self reflective activities that you are required to complete. These activities are designed to get you to reflect about the class, your study habits, organization, and your ability to think about how you think. The hope here is that you develop individualized learning processes that you can transfer to other classes and other experiences you will encounter in the future.

TENTATIVE
COURSE
OUTLINE

Week 1:
National Income Accounting and Balance of Payments - chapter 13

Exchange Rates, Foreign Exchange Market, Money, and Interest Rates - chapters 14 and 15

Week 2:

Exam 1

Long Run Theory of Exchange Rates (PPP) - chapter 16

Short Run Theory of Exchange Rates (Output) - chapter 17

Week 3:

Exam 2

Fixed Exchange Rate Regime and Interventions - chapter 18

Floating Exchange Rate Regimes and Policy - chapter 19

Optimum Currency Areas - chapter 20 (if time permits)

Week 4:

Exam 3

Project Day

Presentations

DUE DATES IN CHRONOLOGICAL ORDER Problem Set 1 - Friday, March 27
Exam 1- Monday, March 30
Problem Set 2 - Friday, April 3
Exam 2 - Monday, April 6
Problem Set 3 - Friday, April 10
Exam 3 - Monday, April 13
Presentations - Wednesday, April 15

ATTENDANCE Attendance is not mandatory; however, do not expect me to cover material taught in class during office hours if you were not present for that particular day unless you have proper documentation justifying your absence.

CHEATING For every assignment in this course you must follow CC's honor code. If you have not yet done so, I encourage you to read the honor code, which can be found at the Pathfinder under Honor Council Constitution. The penalty for cheating in this course is a final grade of no credit (NC).

ACCESSIBILITY NEEDS If you have a disability and require accommodations for this course, please speak with me by no later than Wednesday, March 25, so that your needs may be appropriately met. If you have not already done so, you will need to register with Accessibility Resources (Learning Commons in Tutt Library, 227-8285), the office responsible for coordinating accommodations and services for students with disabilities.