



International Finance

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Course website: ???

Syllabus

1 Basic Information:

- Category: Elective course of 3 credits for EMA and exchange students applying for master degree.
- Prerequisite(s): Macroeconomics and statistics. Econometrics and software experience (such as Stata, R, etc.) are preferred but not required.
- Time: ???(Monday and Thursday, 10:00-11:40); Room: ???, SOE Building
- TA: ???

2 Course Introduction:

This course focuses on the theory and practice of international finance, introducing the concepts and theories of exchange rates and balance of payments, followed by macroeconomic policies in an open economy.

We are going to cover the most important issues of international economy in the last 20 years. Why China could export so much and accumulate huge foreign reserves? Why was the global economy seriously unbalanced before the 2008 crisis, with China and Germany on one side, while America and the southern European countries on the other side?

Was the Euro turmoil just the aftershock of the American crisis, or a doomed disaster of the defective Euro system? And as to the future, what is the reform direction of the international monetary system, what is a better framework of global financial governance, and what is the trend of our global economy?

To address the above questions, we will equip you with the following tools: (1) basic concepts of the international finance, such as the exchange rates, the balance of payments, the main types of financial crisis, etc. (2) mainstream theory and analysis frameworks, including the workhorse models of small-open economy, policy games between countries, and causes of financial crisis. (3) useful empirical analysis skills, arranging from data collection, statistical description, to econometric analysis.

I hope you are interested in these topics and like to put efforts into reading, analysis and discussion, which will bring with you not only clearer visions of the past, but also deeper insights for the future.

3 Course Materials:

This course is based on two textbooks, and some additional readings.

- Required:
R.C. Feenstra and A.M. Taylor: *International Macroeconomics(3th ed.)*, New York: McGraw-Hill, 2014
- Supplement:
P.R. Krugman, M. Obstfeld, and Marc Melitz: *International Finance: Theory and Policy(11th ed.)*, Pearson, 2017
- Additional:
 - C.M. Reinhart and K. Rogoff: *This Time is Different: Eight Centuries of Financial Folly*, Princeton University Press, 2009
 - D. Rodrik: *The globalization paradox: why global markets, states, and democracy can't coexist*, Oxford University Press, 2011
 - A. Turner: *Between debt and the devil: Money, credit, and fixing global finance*, Princeton University Press, 2017

4 Grading Policy:

The grading will include four parts:

- (20%) 3-4 times of classroom exercises, such as the calculation of exchange rates and statistical analysis of data;
- (20%) 2-3 times of homework, including empirical analysis, simple model deduction, and short-paper writing;
- (30%) 4-5 times of group discussion and report. You should organize a group of no more than four classmates, choose a specific problem related to the given topic, make discussion in class or give a presentation next time within 30 minutes.
- (30%) 1 course paper about five pages, on the topic selected by yourself.

It should be noted that attendance is expected and will be taken each class. You are allowed to miss **1** class during the semester without penalty. Any further absences will result in point and/or grade deductions.

5 Tentative Outlines:

The weekly coverage might adjust with the progress of the class.

Week	Content	Excercise	Homework	Discussion
1	Introduction	✓		
2	Basics of Exchange Rate(EX)	✓		
3	Theories of EX		✓	
4	Exchange rate crisis			✓
5	The Balance of Payments(BOP)	✓		
6	Theories of BOP		✓	
7	Global imbalance and crisis			✓
8	International monetary system and reform			✓
9	Financial network and banking crisis	✓		
10	Sovereign debt crisis			✓
11	Euro crisis and reform			✓
12	International cooperation and governance		✓	
13	Course review with Q&A			