

ECON 366: International Finance

St Francis Xavier University

Department of Economics

Professor: Brandon Malloy

Winter 2020

Office: Mulroney Hall 3065

Telephone: (902) 867-3866

Email: bmalley@stfx.ca

Classes: Tuesdays 12:45-2:00PM, Thursdays 11:15-12:30PM, in MULH 3030

Office Hours: Tuesdays 2:15-3:30PM, Wednesdays 1:00-2:15PM, Thursdays 12:45-2:00PM, and by appointment

Course Description

This is the second part of two half-courses on international economics (along with Econ 365). This course focuses on the theory and practice of international macroeconomics and examines problems of coordinating macroeconomic policies across countries. The main topics covered are: national income accounting and the balance of payments; exchange rates and the foreign exchange market; the money market and its relation to the interest rates and the exchange rates; exchange interventions; international monetary systems and common currency areas; financial globalization and its effect on countries.

Objectives and Learning Outcomes

The course has three main objectives:

- (1) To learn the most important theoretical topics of international finance and macroeconomics..
- (2) To provide students with basic analytical tools essential for policy making to help them understand a number of relevant current issues; the global financial crisis, the current account deficits of countries, European Monetary Union, and the sovereign debt crisis.
- (3) To prepare students for further study of international economics, and provide a thorough understanding of economic relations across countries.

Prerequisites

ECON 201.

Textbook

Krugman, Obstfeld and Melitz, *International Economics: Theory and Policy* (11th edition), Pearson Publishing, ISBN-13: 9780134520636

(You may alternatively choose to purchase Krugman, Obstfeld and Melitz, *International Finance: Theory and Policy* (11th edition), Pearson Publishing, ISBN-13: 9780134520834.)

Evaluation

The course grade will be based on three methods of evaluation:

Chapter Review Problems (6).....	30%
Midterm Exam.....	30%
Final Exam.....	40%

Chapter Review Problems

Review problems will be assigned at the conclusion of each chapter. Students will be required to submit answers, in writing, and **in person in class**, one week after the assignment of the questions, to receive credit.

The grade will be composed of the 6 scores received, with 5% being allocated for each chapter score. No extensions will be granted for submission of review questions.

Students may consult with other students on questions, but must submit their own work and **MUST** acknowledge any collaboration on their submissions.

Midterm Exam

The midterm is scheduled for Tuesday, Feb 25. Students missing a midterm exam due to illness, unexpected emergencies or other conflicts must notify the Dean's office and provide proper authenticated documentation in order to be considered for a make-up exam, as outlined in Section 3.9 of the Academic Calendar.

Final Exam

The final exam will be cumulative and will cover the breadth of topics covered during the entire course. The time and date will be determined by the Registrar.

Course Outline

<i>Part I: Exchange Rates and Open-Economy Macroeconomics</i>	Chapter(s)
1. National Income Accounting and the Balance of Payments	13/2
2. Exchange Rates and the Foreign Exchange Market (An Asset Approach)	14/3
3. Money, Interest Rates and Exchange Rates	15/4
4. Price Levels and the Exchange Rate in the Long Run	16/5
5. Output and the Exchange Rate in the Short Run	17/6
6. Fixed Exchange Rates and Foreign Exchange Intervention	18/7
<i>Part II: International Macroeconomic Policy</i>	
1. International Monetary Systems: A Historical Overview	19/8
2. Financial Globalization: Opportunity and Crisis	20/9
3. Optimum Currency Areas and the European Experience	21/10
4. Developing Countries: Growth, Crisis and Reform	22/11

Important Dates

Tues, Jan 7- First day of class

Mon, Jan 13- Last day to change second-term or full-year courses

Tues, Feb 25- Midterm Exam

Mon, Feb 17-Fri, Feb 21- Winter Study Break- NO CLASSES

Fri, Mar 6- Last day to drop second-term three-credit courses

Thurs, Apr 2- Last day of course

Tues, Apr 7- Exam period begins

Statement on Equitable Learning

Everyone learns more effectively in a respectful, safe and equitable learning environment, free from discrimination and harassment. I invite you to work with me to create a classroom space – both real and virtual – that fosters and promotes values of human dignity, equity, non-discrimination and respect for diversity.

Please feel free to talk with me about your questions or concerns about equity in our classroom or in the STFX community in general. If I cannot answer your questions or help you address your concerns, I encourage you to talk to the Chair/Coordinator of the Department/Program or the Human Rights and Equity Advisor. Please note that a Human Rights and Equity Advisor will soon be appointed. In the meantime, students, faculty, or staff may also contact the Director of Human Resources at hr@stfx.ca or the Office of the AVP&P