

# INTERNATIONAL FINANCE

ECON 581

Fall 2010

TR 3:30 - 4:45 pm

Econ Bldg. #1008

---

<b>INSTRUCTOR:</b>	Dr. Christine Sauer	Hours: TR 11:00-12:30 or by appointment
	Office: Econ Bldg. #2005	E-mail: <a href="mailto:sauer@unm.edu">sauer@unm.edu</a>
	Phone: 277-1963	Course website: <a href="http://vista.unm.edu">http://vista.unm.edu</a>

---

**COURSE OVERVIEW:** This course, which is part of the graduate specialization in international and development economics, focuses on international finance and open economy macroeconomics. Over the past three decades, the degree of international financial integration has grown tremendously and, as a result, all countries – from industrialized to emerging and transition economies – are experiencing vastly increased cross-border financial flows. The main objective of this course is to describe and examine how these developments have affected national economies, domestic as well as regional and international economic policies, financial markets, and international institutions. In the process, students will be exposed to the four main dimensions of the vast literature in this field: theory, evidence, policy, and institutions. Topics that will be considered include: macroeconomic management under different exchange rate regimes; exchange rate behavior; exchange rate determination; currency crises and speculative attacks; exchange rate target zones; international monetary system.

**PREREQUISITES:** ECON 501 and 506.

**READINGS:** Given the variety of topics, the readings for this course draw on a variety of sources (books, monographs, journal articles, working papers). The required textbook is *International Finance and Open-Economy Macroeconomics* (2002, Springer Verlag) by Giancarlo Gandolfo. It is available at the UNM bookstore.

You may also want to consult the following books, which are on 1-day reserve at Parish Library. Further references may be added as needed.

Grossman & Rogoff, eds. (1995), *Handbook of International Economics* (vol. 3).  
Hallwood & MacDonald (1994), *International Money and Finance*.  
Obstfeld & Rogoff (1996), *Foundations of International Macroeconomics* (e-book).  
Stevenson, Muscatelli & Gregory (1988), *Macroeconomic Theory and Stabilisation Policy*.  
Van der Ploeg, ed. (1994), *The Handbook of International Macroeconomics*.



**COURSE GRADE:** Course requirements include periodic assignments (problem sets, reports on readings), one exam, and a major research paper. Detailed instructions for the paper will be distributed separately. The final grade is a weighted average of your performance on the assignments ( $5 \times 25 = 125$  points = 31.25%), the exam (140 points = 35%), and the paper (135 points = 33.75%). There are 400 possible semester points. Fractionalized grading (+/-) will be used. Late assignments are subject to penalty points.

<u>Important Dates:</u>	Thursday, Sep. 9	assignment #1 due
	Thursday, Sep. 23	assignment #2 due
	Thursday, Oct. 7	assignment #3 due
	Tuesday, Oct. 12	paper proposal due
	Oct. 14-17	FALL BREAK (no class)
	Tuesday, Oct. 26	exam (#1052, 3:30-6:00 pm)
	Tuesday, Nov. 2	literature review & initial data analysis due
	Thursday, Nov. 11	assignment #4 due
	Tuesday, Nov. 23	final paper due
	Nov. 25-28	THANKSGIVING BREAK (no class)
	Thursday, Dec. 2	assignment #5 due
	Dec. 7 & 9	class presentations

Cheating on an exam or written assignment and plagiarizing other people's work are serious offenses that *will* result in a reduced or failing grade for the work in question and/or for the entire course as well as notification of the appropriate UNM authorities. Please refer to the university's academic regulations and procedures for further information.

**OTHER INFO:** Readings will be assigned on a weekly basis (see separate reading list). Students are expected to come to class prepared and actively participate in classroom discussions.

Course materials such as problem sets, solutions, handouts, exam information, and additional readings will be posted on the course website (go to <http://vista.unm.edu> and log in with your UNM NetID and password). Links to various internet sources for economists are accessible via my homepage ([www.unm.edu/~sauer](http://www.unm.edu/~sauer)).

Qualified students with disabilities needing appropriate academic adjustments should contact the instructor as soon as possible to ensure their needs are met in a timely manner. Handouts are available in alternative accessible formats upon request.