



## International Finance (Undergraduate)

International Academic Camp Course Syllabus

Fudan Campus, 2019 December

**Study Term:**

Winter, 09/12/2019 - 27/12/2019

**Study Level:**

Undergraduate

**Class hours:**

13:30 - 16:10

**Location:**

No.220 Handan Rd, Shanghai, China.

### Course Description:

This course develops basic models of exchange rates and international capital flows. Topics covered include: Purchasing Power Parity, Uncovered Interest Parity, Exchange Rate Overshooting, International Policy Coordination, Currency Crises, and Monetary Unions. In addition, there will be some discussion of the history and evolution of the international financial system, and some discussion of recent proposals to reform it. Each topic will be followed with evidences, examples and case studies mainly under the context of China's exchange rate (against US dollar).

### Course Goals:

On successful completion of this course you will be able to:

- Grasp basic theories in international finance, for example, the Purchasing Power Parity, The Monetary Approach, the Asset Approach, etc.;
- Understand prevalent exchange regimes in the world;
- Comprehend the reasons and impacts of different exchange regimes and international monetary policies, for example, the potential impact of QE3 program of US dollars, the internationalization of Chinese RMB, etc.

### Required Texts:

Paul R. Krugman, Maurice Obstfeld, International Economics: Theory and Policy (10th Edition), Prentice Hall.

### Assessment:

Assessment Task	Weighting
2-hour Mid-term Exam 1 (Close-book)	30%
2-hour Mid-term Exam 2 (Close-book)	30%
2-hour Final Exam (Close-book)	40%



## Course Schedule: Content

Day	Date	Topic	Chapter	Notes
1	09/12/2019	National Income and Accounting the Balance of Payments.	(Ch. 12)	Relevant Links: The World Trade Organization, International Trade and Development Center, National Bureau of Statistics of China
2	10/12/2019	Exchange Rates and the Foreign-Exchange Market: An Asset Approach. ○	(Ch. 13)	Readings: Eun, Cheol S. and Bruce G. Resnick, International Financial Management, Chapters 2, 5 and 6. McGraw Hill, 5th ed. 2008. Gruben, W. C. & D. Mcleod “Capital Account liberalization and Inflation”, Economics Letters 77(2002) 221-225.
3	11/12/2019	Money, Interest Rates, and Exchange Rates.	(Ch. 14)	Relevant Link: National Bureau of Statistics of China, International Monetary Fund Readings: Brad Setser and Arpana Pandey, “China’s \$1.7 Trillion Bet, China’s external portfolio and dollar reserves”, CGS Working Paper, Jan. 2009.
4	12/12/2019	Midterm Examination 1		
5	13/12/2019	Price Levels and the Exchange Rate in the Long Run.	(Ch. 15)	Relevant Links: International Monetary Fund
<b>SATURDAY &amp; SUNDAY</b>				
6	16/12/2019	Output and the Exchange Rate in the Short Run.	(Ch. 16)	Relevant Links: International Monetary Fund, The World Bank
7	17/12/2019	Output and the Exchange Rate in the Short Run.	(Ch. 16)	Relevant Links: International Monetary Fund, The World Bank
8	18/12/2019	Fixed Exchange Rates and Foreign Exchange Intervention.	(Ch. 17)	Readings: Lardy, N., “Exchange Rate and Monetary Policy in China”, Cato Journal, Vol. 25, No. 1, winter



				<p>2005. Laurens, B. J. &amp; R. Maino, “China: Strengthening Monetary Policy Implementation”, IMF WP/07/14, 2007. Alfaro, Laura and Rafael Di Tella, “To Float or not to Float (B), (C) and (E)”, Harvard Business School, 2006.</p>
9	19/12/2019	Midterm Examination 2		
10	20/12/2019	The International Monetary System, 1870-1973.	(Ch. 18)	
<b>SATURDAY &amp; SUNDAY</b>				
11	23/12/2019	Macroeconomic Policy and Coordination Under Floating Exchange Rates.	(Ch 19)	<p>Reading: Eun, Cheol S. and B. G. Resnick, International Financial Management, chapters 5, 6 and 7. McGraw-Hill, 5th ed. 2008.</p>
12	24/12/2019	The Global Capital Areas and the European Experience.	(Ch. 21)	<p>Readings: Arianna Huffington, “Greek Tragedy”, The New York Times (the Opinion Pages), May 12, 2012.</p>
13	25/12/2019	Developing Countries: Growth, Crisis, and Reform.	(Ch. 22)	<p>Relevant Links: Institute of Finance and Trade Economics, CASS</p>
14	26/12/2019	Developing Countries: Growth, Crisis, and Reform.	(Ch. 22)	<p>Readings: Goldstein, M. &amp; N. Lardy, “China’s Exchange Rate Policy Dilemma”, unpublished manuscript, Institute for International Economics.</p>
15	27/12/2019	Final Examination	N/A	