

ECON 3372: International Finance

Syllabus

Time: MW 8:30am

Location: Gasson Hall 301

Professor: Rosen Valchev

Office: 396 Maloney Hall

E-mail: valchev@bc.edu

Office Hours: M 12:30 - 2:30pm or by appointment

1 Course Description

In this course we will develop and study international macroeconomic frameworks that model an economy open to trade in financial assets and real goods. We will specifically aim to understand the rapidly growing financial linkages between countries, and their implications about individual economies. We will stress concepts and their application to current events. The overarching topic of the course is understanding the numerous forces that shape currency exchange rates, which are the crucial determinants of financial and trade flows between countries. Other topics of particular interests are capital flows, macroeconomic stabilization in open economies, single-currency areas, and sovereign debt crises. We will apply the analytical tools we learn to address major current issues such as Brexit, the Greek debt crisis, currency unions and the Euro more generally, the global impact of the financial crisis, the persistent trade deficits and international indebtedness (i.e. global imbalances) and more.

Pre-requisites: ECON2202 or ECON2204

2 Course Materials

The required textbook for the course is:

Krugman, P, Obstfeld. M and M. Melitz (10th Edition), *International Finance: Theory and Policy*, Pearson Series in Economics, Prentice Hall.

You can either get the hardcopy or the etext version, whichever you prefer. Just make sure that your package also **includes** an access code for the MyEconLab website. This is something you can purchase directly through Pearson as a standalone product, or it might already come packaged with the textbook. We will be using the website for homework assignments and practice tests.

3 Course Evaluation

Homework:	15% (4 out of top 5 scores)
Presentation:	15%
Midterm:	20%
Final:	40%

+ extra 10% to exam with higher grade

Exams: There are two exams, one midterm and one final. The midterm will take place on **Oct 24** and will cover everything up to that point (for more details see the course outline below). The date of the final is **Dec 19, at 9am**. The final exam is cumulative.

The midterm has a base weight of 20% of your final grade and the final has a base weight of 40%. Additionally, I will increase the weight of the exam on which you score better by 10%. So for example, if you do better on the midterm, it will be worth 25%, and if you do better on the final it will be worth 50%.

There will be no re-takes. If you need to miss the midterm, you need to let me know in advance via e-mail, and the midterm weight will be put on the final (adjusting for the curve as needed). The date of each exam is announced from the very beginning of the class, so please plan accordingly. Everyone must take the final exam at the date scheduled by the registrar.

You need to submit any requests for re-grading in writing, and clearly articulate what you believe is incorrect and why. Requests must be handed in within 1 week of receiving back your assignment. Re-grading requests will result in re-grading of the whole assignment.

Homework: You are allowed to work in groups on homework, but you must write-up and submit your own solutions. Do not copy word-for-word, make your own genuine version, otherwise you'll be penalized. Writing your own copy is an important part of preparation for the exams. Homework is due at the beginning of class on the specified day and no late submissions will be accepted. But I will only count the top 4 scores (out of 5) hence you have some insurance if you cannot hand in one of the homeworks on time.

Presentations: There will be 10 group presentations in the second part of the class (see the course schedule below). The presentation will have you confront historical or current events with the theoretical tools we covered in this class. They will involve both some data and outside references. They will generally have the following format: a) you will document and describe a particular empirical phenomenon by obtaining and plotting some data series; b) you will use theoretical tools from the book and specific additional material I will provide you with to explain the phenomenon you have documented. Each presentation will be about 30 minutes.

You will be asked to work in groups of three or four, and everyone will need to present. We will setup the groups and assign the topics on **Oct 5**.

4 Students with Disability

If you have a disability and would like to request accommodations for this course, please register with either Dr. Kathy Duggan (dugganka@bc.edu), Associate Director, Connors Family Learning Center (learning disabilities or AHD) or Dean Paulette Durrett, (paulette.durrett@bc.edu), Assistant Dean for students with disabilities, (all other disabilities).

Advance notice and appropriate documentation are required for accommodations.

5 Academic Integrity

Honesty and integrity are integral components of the academic process. Students are expected to be honest and ethical at all time in their pursuit of academic goals, and to be in accordance with Boston College Academic Integrity standard, which can be found here: <http://www.bc.edu/offices/stserv/academic/integrity.html>.

6 Course Outline

I will refer to the textbook as KOM below. You are expected to do the weekly readings before the start of the Tuesday class each week, unless I indicate otherwise in class.

Week 1 (Aug 29, 31):	Introduction & Start Chapter 13
Week 2 (Sep 5, 7):	Labor Day & Finish Chapter 13
Week 3 (Sep 12, 14):	Chapter 14
Week 4 (Sep 19, 21):	Chapter 15
Week 5 (Sep 26, Oct 28):	Chapter 16
Week 6 (Oct 3, 5):	Chapter 17 + presentation topics on Oct 5
Week 7 (Oct 10, 12):	Columbus Day & Start Chapter 18
Week 8 (Oct 17, 19):	Finish Chapter 18 + Review
Week 9 (Oct 24, 26):	MIDTERM (Oct 24) + Start Chapter 20
Week 10 (Oct 31, Nov 2):	Finish Chapter 20 + Chapter 21
Week 11 (Nov 7, 9):	Greek Debt Crisis & Brexit
Week 12 (Nov 14, 16):	Chapter 22 + first 2 presentations
Week 13 (Nov 21, 23):	2 presentations & Thanksgiving
Week 14 (Nov 28, 30):	4 presentations
Week 15 (Dec 5, 7):	2 presentations + Review and Q&A before the final

Preliminary Schedule of Problem Sets: This might change over the course of the semester, based on how fast or slow we are progressing. If it does, I will let you know. Homeworks are due by 11:59pm of the due date – they will be submitted online through MyEconLab.

	Due Date	Covers
Problem Set 1:	Sep 20	Chapters 13 and 14
Problem Set 2:	Oct 4	Chapters 15 and 16
Problem Set 3:	Oct 18	Chapters 17 and 18
Problem Set 4:	Nov 8	Chapters 20 and 21
Problem Set 5:	Nov 22	Greek Debt Crisis, Brexit and Chapter 22