



AGNES SCOTT COLLEGE

THE WORLD FOR WOMEN

EC 352 – International Finance Rosemary Thomas Cunningham Spring 2012



Course Description: This course will introduce the student to the basics and theory of international finance. We will discuss the balance of payments, the functioning of foreign exchange markets, automatic and policy adjustments in the balance of payments, coordination of national economic policies, and the international monetary system.



Required Text:

Dominick Salvatore, International Economics, 10th edition, Wiley, 2010. ISBN: 978-0-470-38834-1.

Additional Reading:

- Arestis, Phillip and Theodore Pelagidis, "Absurd Austerity Policies in Europe," Challenge, Nov/Dec 2010, Vol. 53 No. 6, pp. 54-61.
- "Beefed-up Burgernomics ," The Economist, 30 July 2011.
- Caldentey, Esteban Pérez and Matías Vernengo, "How Stimulative Has Fiscal Policy Been Around the World?," Challenge, May/Jun2010, Vol. 53 Issue 3, p6-31
- Carbaugh, Robert, and David Hedrick, "Losing Faith in the Dollar: Can It Remain the World's Dominant Reserve Currency?" Challenge, Vol. 51, No. 3, May/June 2008, pp. 92-114.
- D'Arista, Jane and Korkut Erturk, "The Monetary Explanation of the Crisis and the Ongoing Threat to the Global Economy," Challenge, vol. 53, no. 2, March/April 2010, pp. 5–29.
- Dunn, Robert, Jr., "Does the Big Mac Predict Exchange Rates?" Challenge, Vol. 50, No. 3, May/June 2007, pp. 113-122.
- Dunn, Stephen, "Was Galbraith Right? The Great Crash, 2008, and Galbraith's Prescience," Challenge, Vol. 54, No. 6, November/December 2011, pp. 41-60.
- Feldstein, Martin, "Resolving the Global Imbalance: The Dollar and the U.S. Saving Rate," Journal of Economic Perspectives, Vol. 22, No. 3, Summer 2008, pp. 113-125.
- Hansen, John, "Free Trade, Fair Prices, and Sustainable Deficits," Challenge, Nov/Dec2009, Vol. 52 Issue 6, p29-59.
- Higgins, Matthew and Thomas Klitgaard, "Saving Imbalances and the Euro Area Sovereign Debt Crisis," Current Issues in Economics and Finance, Vol. 17, No. 5, pp. 1-11.
- Krugman, Paul, "CRISES," paper presented at the American Economic Association meetings in Atlanta, January 2010.
- Milberg, William, "Is the Sky Falling? Questioning the Conventional Wisdom on the U.S. Trade and Budget Deficits," Challenge, Vol. 50, No. 6, November/December 2007, pp. 91-108.
- Mundell, Robert, "The Significance of the Euro in the International Monetary System," American Economist, Vol. 47, No. 2, Fall 2003, pp. 27-39.
- Stein, Herbert, "Foreign Travels, Foreign-Exchange Travails," The Wall Street Journal, 8/27/90.



Course Requirements:

There will be three tests, four problem sets, a presentation, and a scheduled final exam. In addition, there will be a scheduled optional test from the material covered on the first three tests. If a student chooses to take this exam, I will drop the lowest of the four test scores (i.e., Tests 1, 2, 3, and Optional Test). Your grade will be determined as follows:

Tests	60%
Presentation/Discussion	10%
Problem Sets	10%
Final Exam	20%

The tests are tentatively scheduled for February 8, March 5, and April 4.

Each student will be assigned one of the papers under “Additional Reading” to present to the class. The presentation should last approximately 10 minutes and it should review the paper and evaluate its thesis in light of recent economic events. Students must use PowerPoint for their presentation and consult the tips for a successful presentation and the criteria for evaluation that is posted on the Moodle website. The PowerPoint presentation must be emailed to the professor before the class presentation. (It will be considered late if not received prior to class.)

Grading Scale:

Numerical Grade	Letter Grade
92-100	A
90-92	A-
87-89	B+
83-86	B
80-82	B-
75-79	C+
65-74	C
60-64	C-
57-59	D+
53-56	D
50-52	D-
Below 50	F



Office: Buttrick G28, Ext. 6208

Office Hours in the Economics Learning Center (Buttrick G27):

Monday 2-3

Tuesday 12-1

Wednesday 1:30-2:30

Thursday 1-2

Appointments: Please make appointments to see me utilizing the New Meeting Request function in Microsoft Outlook. You can view my available times and request a time that is mutually convenient. Please don't make appointments before 9 AM or after 4:30 PM.

To send a meeting request:

1. Go to mail.agnesscott.edu/exchange
2. In Calendar, click **New** on the toolbar.
3. Click **Invite Attendees** on the Appointment toolbar.
4. In blank next to the **Required** button, enter rcunningham
5. Click the **Availability** tab to check my schedule.
6. In the **Start Time** and **End Time** drop-down lists, select the appropriate dates and times.
7. In the **Subject** field, type the meeting's topic.
8. In the message text area, type any message you want to accompany your meeting request, and then click **Send**.
9. I am sent a meeting request and I'll send you a response either accepting or declining the appointment.

Moodle: Our class management site will be Moodle. You can access it from courses.agnesscott.edu. I will update the Moodle site regularly. Students are expected to check that site and their email for messages and material regarding the course.

Course Evaluation: Your feedback on the course is extremely valuable to me, the department, and the administration. In particular, I take your comments very seriously and use them to improve the course the next time I teach it. You are responsible for completing an evaluation of the course at the end of the semester. I will provide more details later.

Policy on Lateness and Absences

Lateness: Students should make every possible effort to be on time for class. If a student is late, she should come in quietly and sit as close to the door as possible. She should wait until the end of class to receive anything that was returned or given out at the beginning of class. The student is responsible for any missed information.

Absences: Attendance at all class sessions is encouraged. If you do not attend at least two-thirds of the classes, you will fail the course. Again, the student is responsible for any missed information.

Late Assignments: If a student is not going to meet a written assignment deadline, she should let me know as soon as possible. At the very latest, I should be told on the due date why the assignment is late and when it will be submitted. At that time, the late penalty will be determined. The usual penalty for lateness is 1/3 of a letter grade for every day late. All assignments must be handed to me in person. Problem sets are not accepted by email. Days late will be counted from the time it was due until I receive it, including Saturdays and Sundays.



Missed Tests: Only under extraordinary circumstances should a student miss a scheduled test. Minor illness does not prevent a student from taking a test. If a student does miss a test, the make-up test will be the optional test given with the final. If a student misses more than one test without an extraordinary reason, her final grade will be reduced proportionately. There are no make-up tests.

Missed Presentation: There is no opportunity to make up a missed presentation.




Policy on Plagiarism

“According to *Webster’s Ninth New Collegiate Dictionary* (1983), to plagiarize is ‘to steal and pass off the ideas and works of another as one’s own, to use a created production without crediting the source, to commit literary theft: [to] present as new or original an idea or product derived from an existing source.’ In written work, plagiarism means taking another author’s ideas or ideas from a source that has no listed author (such as some Web sites) and copying them or rephrasing them in one’s own words without acknowledging the origins of those ideas. Omitting or “forgetting” to include parenthetical references or footnote numbers or failing to use quotation marks to set off borrowed words or phrases all constitute acts of plagiarism.” Agnes Scott College Student Handbook, <http://www.agnesscott.edu/studentlife/studenthandbook.aspx>. All suspected plagiarized work will be brought to Honor Court.

Ten Tips for Doing Well in Class:

1. Attend class. You can’t just get the notes.
2. Buy the correct editions of the books. The cost of the books is small in comparison to the cost of your education. Why let \$100 ruin your \$20,000 semester?
3. Read the sections of the book prior to class, as well as after class.
4. Arrive early to class. This will give you time to review your notes and prepare mentally for class to begin.
5. Unless it’s an emergency, don’t leave class.
6. Take notes! Professor Zavodny has a t-shirt that says, “If I’m talking, you should be taking notes.”
7. Ask questions. If you have a question, ask it as soon as possible. Ask questions in class, in my office, to the tutor, or in the Math and Economics Learning Lab.
8. Work on all assigned questions, practice tests/questions, and end-of-chapter questions as the semester progresses. When you encounter a problem, see tip 7.
9. When preparing for a test, ask yourself “If I was the professor, what would I ask on this test?”
10. Attending college is a full-time job. You should be allocating at least 40 hours per week for your studying. Since the normal course load is four classes per semester, you should allocate 10 hours per week to each course. This means spending 7 hours per week on each course in addition to class time.

Proposed Class Schedule

Week	Monday	Wednesday
1		1/18  Introduction Ch. 1
2	1/23 Absolute & Comparative Advantage Ch. 2	1/25 Absolute & Comparative Advantage Ch. 2
3	1/30 Balance of Payments Accounting Ch. 13	2/1 MILBERG Balance of Payments Accounting Ch. 13
4	2/6 FELDSTEIN 2008 PROBLEM SET #1 Balance of Payments Accounting Ch. 13	2/8  Test #1
5	2/13 Foreign Exchange Markets Ch. 14	2/15 CARBAUGH Foreign Exchange Markets Ch. 14
6	2/20 Foreign Exchange Markets Ch. 14	2/22 MALLABY Exchange Rate Determination Ch. 15
7	2/27 FELDSTEIN 2012 Exchange Rate Determination Ch. 15	2/29 PROBLEM SET #2 Foreign Exchange Markets Ch. 14
8	3/5 Test #2	3/7 R. DUNN & ECONOMIST Price Adjustment Mechanism Ch. 16
9	3/12-16 Spring Break 	

10	3/19 Income Adjustment Mechanism Ch. 17	3/21 KRUGMAN Income Adjustment Mechanism Ch. 17
11	3/26 HANSEN Open Economy Macro: Adjustment Policies Ch. 18	3/28 HIGGINS Open Economy Macro: Adjustment Policies Ch. 18
12	4/2 EIGENGREEN PROBLEM SET #3 Open Economy Macro: Adjustment Policies Ch. 18	4/4 Test #3
13	4/9 S. DUNN Aggregate Demand & Supply Ch. 19	4/11 D'ARISTA Aggregate Demand & Supply Ch. 19
14	4/16 ARESTIS Fixed vs. Flexible Exchange Rates Ch. 20	4/18 MUNDELL Fixed vs. Flexible Exchange Rates Ch. 20
15	4/23 CALEDENTY International Monetary System Ch. 21	4/25 International Monetary System Ch. 21
16	4/30 PROBLEM SET #4 Review for Final	