



Understanding International Finance, the Global Economy, and Exchange Rates

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SHORT COURSE DESCRIPTION

This course will expose allow students to understand modern the current developments in the Global economy and international financial markets (including the foreign exchange market) in an applied context, developing the key ideas from a non-technical perspective. In particular we will see how we can use the toolkit of international economics in order to understand current investment and policy issues in the global economy, as well as for interpreting articles from the financial press.

Students who don't have a background in economics will be able to attend the course and develop an understanding of the current policy issues and financial/business challenges in the global economy. Students with a background in economics will have the opportunity to consolidate and deepen their understanding by applying their knowledge in discussing topical issues. A practical approach will be developed for interpreting financial policy issues and investment decisions.

This course starts by introducing students to the basic concepts of international macroeconomics and finance (exchanger rates, current accounts, etc) and then discusses the most fundamental theories of exchange rate determination. We then consider macroeconomic policy issues under conditions of financial globalization and we discuss applied policy issues pertaining to the open economies of China, the US, Europe and Asia. Special emphasis will be placed on current developments and the students will have the opportunity to understand and discuss many timely issues (e.g., will the process of global financial integration continue? what is the proper exchange rate regime? what should be the Yuan/dollar exchange rate? will the Euro survive? will the dollar remain the major global currency? should countries adopt common currencies? what are the major challenges faced by emerging markets? etc).

READING MATERIALS

The readings for each lecture will be provided in and students are advised to read them in advance of class meetings. Students can use any of the textbooks as provided below. Buying a textbook is not necessary as the relevant material will be provided on line.

A number non-technical articles from academic journals (e.g., *Journal of Economic Perspectives*), and timely articles from the financial press (e.g., *The Economist*, *Financial Times*, *Wall street Journal*), will be assigned to the students and discussed in the class meetings.

Background Textbooks

Students can use any of the textbooks, below.

- Feenstra, R and Taylor, A, *International Economics*, Worth MacMillan, 3rd edition (2015)
- Robert J. Carbaugh Carbaugh, *International Economics*, South-Western Cengage Learning, or
- Krugman, P and Obstfeld, M, *International Economics: Theory and Policy*, Pearson Education; 10th edition (2014)

Handouts (power point notes) will be provided and relevant readings will be available in electronic form.

Useful websites include:

- <http://www.federalreserve.gov/>
- <http://www.voxeu.org/>
- <http://www.bis.org>

COURSE REQUIREMENTS AND GRADING

The assessment and grading will be based on a combination of student's attendance and participation in the lectures (30%) and on case study project on which students will work as small groups under the lecturer's close guidance in order to prepare a presentation (70%) at the end of the course. In particular, students will be organized into small groups and choose a group project topic from a list of topics provided by the lecturer or proposed by the students and approved by the lecturer.

Note that SKKU regulations require students to attend at least 80% of all classes. Students are expected to familiarize themselves with SKKU policies about plagiarism, academic dishonesty, etc.

- Instructor Office: TBA
- Office phone: TBA
- Email: TBA
- Office hours: TBA

COURSE SCHEDULE

– WEEK I –

Tuesday (27 June)

The global economy: An introduction to current issues and challenges

Case study from the financial press

Readings: *Notes of the Lecturer*, TBA

Wednesday (28 June)

Exchange rates: How does the foreign exchange market work?

Case study from the financial press

Readings: *Notes of the Lecturer*, TBA

Thursday (29 June)

Exchange rates and economic fundamentals?

Case study from the financial press

Readings: *Notes of the Lecturer*, TBA

Friday (30 June)

Exchange rates and financial markets?

Case study from the financial press

Readings: *Notes of the Lecturer*, TBA

– WEEK II –

Monday (3 July)

Trade deficits and surpluses & lender and borrower nations in the global economy.

Case study from the financial press

Readings: *Notes of the Lecturer, TBA*

Tuesday (4 July)

To float or not to float? What is the right exchange rate regime?

Case study from the financial press

Readings: *Notes of the Lecturer, TBA*

Wednesday (5 July)

Exchange rate crises: why they emerge?

The 1997 Asian crisis.

Case study from the financial press

Readings: *Notes of the Lecturer, TBA*

Thursday (6 July)

Why having a common currency in Europe?

Group project preparation.

Readings: *Notes of the Lecturer, TBA*

Friday (7 July)

Has globalization gone too far?

Gains and losses from financial globalization

Group project preparation.

Readings: *Notes of the Lecturer, TBA*

– WEEK III –

Monday (10 July)

The global crisis of 2007-2009 and its effects on trade and financial globalization.

Case study from the financial press

Group project preparation.

Readings: *Notes of the Lecturer, TBA*

Tuesday (11 July)

Trade globalization and inequality.

Case study.

Group project preparation.

Readings: *Notes of the Lecturer, TBA*

Wednesday (12 July)

Financial and trade integration in Asia: Current issues.

Group project preparation.

Readings: *Notes of the Lecturer, TBA*

Thursday (13 July)

Capital flows in emerging markets their management.

Group project preparation.
Readings: *Notes of the Lecturer*, TBA

Friday (14 July)
Global currencies and currency competition
Group Project presentations.
Readings: *Notes of the Lecturer*, TBA

– WEEK IV –

Monday (17 July)
Group Project presentations.