



# GLOBAL SUMMER PROGRAMME 2025

## ECON6033 INTERNATIONAL FINANCE: THEORY AND PRACTICE

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### COURSE DESCRIPTION

This course introduces students to the concepts and tools used in international macroeconomics. Students will learn theoretical models that underpin much of current international macroeconomic thinking, such as the determination of balance of payments, international capital movement, real and nominal exchange rates. These models will then help students analyze and understand important current issues such as global imbalances, currency crises, and international economic policy coordination. This course emphasizes training in international aspects of macroeconomics both at the intuitive level of reasoning and on the theoretical foundations of this reasoning.

### LEARNING OBJECTIVES

By the end of the course students will have had a firm grasp of the key concepts and issues in international macroeconomics and finance.

### PRE-REQUISITES / REQUIREMENTS / MUTUALLY EXCLUSIVE COURSE(S)

This is a postgraduate-level course. It requires a foundational understanding of microeconomics and macroeconomics.

### ASSESSMENT METHODS

Class Participation	15%
Problem sets and group project	40%
Final exam (Closed-book)	45%
<b>Total</b>	<b>100%</b>

## INSTRUCTIONAL METHODS AND EXPECTATIONS

Active participation in discussions during classes is highly encouraged. The goal here for students is not simply to score participation points, but to have an engaged and inquisitive mind towards learning economics.

Homework comprises three to four problem sets over the period. There is a group project to be done in terms of analysis of important historical and current events.

The final exam is a written test of 2-hour duration and is a closed-book exam.

## CONSULTATIONS

By appointment

## RECOMMENDED TEXT AND READINGS

### Main Textbook

Robert C. Feenstra, Alan M. Taylor, **International Macroeconomics**, 3<sup>rd</sup> edition, Worth publishers.

### Supplementary Textbook

Peter J. Montiel, **International Macroeconomics**, Wiley-Blackwell, 2009.

Supplementary textbooks are good to have but not essential. All materials essential to the learning of the course are found in the main textbook.

## UNIVERSITY POLICIES

### Academic Integrity

All acts of academic dishonesty (including, but not limited to, plagiarism, cheating, fabrication, facilitation of acts of academic dishonesty by others, unauthorized possession of exam questions, or tampering with the academic work of other students) are serious offences.

All work (whether oral or written) submitted for purposes of assessment must be the student's own work. Penalties for violation of the policy range from zero marks for the component assessment to expulsion, depending on the nature of the offense.

When in doubt, students should consult the instructors of the course. Details on the SMU Code of Academic Integrity may be accessed at <https://smu.sharepoint.com/sites/oasis/SitePages/DOS-WKLSWC/UCSC.aspx>.

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<b>LESSON PLAN</b>		
<b>Lesson</b>	<b>Course Chapter</b>	<b>Topics</b>
1	1	Introduction
2, 3, 4	2	<ol style="list-style-type: none"> <li>1. Exchange rates and their determination <ul style="list-style-type: none"> <li>- Short-run approach</li> <li>- Long-run approach</li> </ul> </li> <li>2. A look at the East Asian Financial Crisis</li> </ol>
4, 5	3	<ol style="list-style-type: none"> <li>1. Balance of payments <ul style="list-style-type: none"> <li>- National accounts</li> <li>- Gains from globalization</li> <li>- Discussions on the financial accounts on various Asian countries</li> </ul> </li> </ol>
6		Guest lecture by invited speaker/Industrial visit (TBC)
7, 8	3	<ol style="list-style-type: none"> <li>2. The open-economy framework <ul style="list-style-type: none"> <li>- Macroeconomic analyses and policies</li> <li>- A look through how Asian countries respond to macroeconomic disturbances</li> </ul> </li> </ol>
9	4	<ol style="list-style-type: none"> <li>1. Exchange rate regimes <ul style="list-style-type: none"> <li>- Fixed vs floating</li> <li>- Common currency area</li> </ul> </li> <li>2. Discussions and insights into exchange rate management in the Asian context</li> </ol>
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11	5	<p>Topics in international finance</p> <ul style="list-style-type: none"> <li>- International finance in the context of imperfect capital mobility</li> <li>- The USD as the world's reserve currency: will it be replaced?</li> </ul>
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