

1-1-2010

(2) Sample Syllabus: Econ 4044

Heather Kohls

ECON 4044 - INTERNATIONAL CURRENCY MARKETS

SPRING SEMESTER 2010

Instructor: Heather Kohls
Office: DS 405
Office Hours: Mondays and Wednesdays,
1pm-2pm
Or Fridays by appointment
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Contacting me: My first choice is that you try to contact me via email. I will not check my emails on (in general) Tuesdays and Thursdays. Mondays, Wednesdays, and Fridays you can expect a quick response from me (unless I am in another class at the time).

TEXT: All readings are available in pdf format in D2L. Please find them there.

Daniels and VanHoose, *International Monetary and Financial Economics, Third Edition*, ITP/Southwestern Publishing. (Yes, as in Dr. Joe Daniels)
Krugman and Obstfeld, *International Economics, Eighth Edition*, Pearson-Addison Wesley.

We will be using D2L as our course management software. Test grades and other useful documents will be posted there.

COURSE DESCRIPTION:

The integration of the world's leading economies is the predominant, and perhaps the most divisive event of the past few decades. Globalization, however, one chooses to define or measure it, is the major force affecting individuals, corporations and economic institutions today.

In this course students will be introduced to financial sector of the economy: basic international monetary institutions, foreign exchange and derivatives markets, international banking, theories and concepts of exchange rates and balance of payments determination, and interrelationships of key macroeconomic variables. As opposed to a finance course (and to complement a finance course), which focuses on capital budgeting, this course focuses more on the factors and policies that determine exchange rate values and other key variables. Hence, this course is directed toward a broader audience by having a broader emphasis: markets forces, institutions, and policy processes.

COURSE OBJECTIVE:

The objective of this course is to stimulate an interest in, and awareness of, international monetary and financial issues and their importance in business decisions and policymaking. The student is expected to build upon the economic tools they have already mastered in the principles of economics courses and develop a comprehensive framework for analyzing problems in international money and finance. A complete understanding of basic economic theories and their application to current problems is therefore required of the student.

International Affairs students not completing the economics specialization should note that this course is not designed to fulfill the international economics requirement. You instead should enroll in Econ 4051.

PREREQUISITES:

Econ 2003 and Econ 2004 are required for this class. Certain tools developed in these classes will be applied, not taught. Therefore, the student is expected to have mastered the material of these courses before enrolling in this course. Additionally, basic algebra/geometric skills are assumed.

COLLEGE OF BUSINESS ADMINISTRATION ASSESSMENT STATEMENT

The fundamental mission of the College of Business Administration is to provide a quality education grounded in Catholic, Jesuit intellectual values. Students are expected to learn how to function effectively in a diverse and global economy and develop into responsible members of the business community. As one of many methods of assuring that the goals of our educational mission are successfully met, the college regularly and systematically engages in the assessment of these competencies

Students in the Bachelor of Science in Business Administration program are assessed on their ability to reason ethically, communicate effectively, analyze critically, and understand local, national and global business and cultural issues. Students in our MBA programs are also assessed on their competency to communicate effectively, reason ethically and apply critical thinking, as well as their capacity to comprehend the global strategic issues of firms and perform fundamental activities of business managers. Students in our other graduate programs are assessed on specific competencies related to their disciplines.

Assessment takes place each semester in all programs and settings using quantifiable measures to gather and analyze information to help continuously improve the educational process. The College of Business Administration is dedicated to successfully providing a quality education for all students. Assessment is the continuous improvement process of evaluating our success. More information on assessment can be found at

(<http://www.marquette.edu/assessment/>) or
(<http://www.busadm.mu.edu/undergraduate/LearningObjectives.shtml>)

EXAMS:

Three exams will be given in this class. The first two are worth 20 percent of your final grade; the final exam is worth 25%. You will have the full class period to take the first, and two hours for the final.

The exams are essay in nature. Questions are designed to test in three ways, the ability to understand and recall basic principles or definitions, explicit application of theories and models, and implicit application of theories and models. The difference between explicit and implicit application is that explicit questions disclose to the student the theories that are being tested whereas implicit questions require the student to realize on their own the appropriate theories or models to be applied.

Exams are graded on both content and presentation of argument. Reasonable grammar (given the time constraint) is required. **If I can't read a response, it will not be graded.** Grades are assigned on an absolute basis (absolute content and presentation) as well as a relative basis (content and presentation relative to all other students' responses).

Grading disputes may arise. After all, giving and grading exams is not an exact science. Do not hesitate to discuss your exams and assignments with me in my office. However, because grades are partially based on a relative basis as discussed above, a statute of limitation applies. If you feel your exam was graded unfairly, you must discuss it with me **within one week** following the return of the exam. Otherwise, the grade will stand as originally recorded.

PROJECTS:

Two projects will be collected. No project may be made up or turned in late under any circumstance. Projects are worth 40 percent of your final grade.

Project 1:

You must choose an article of your choice dealing with a current international economic issue. The article and the issue should be no more than 6 months old. Your article should be relevant to course material, analytical, and from a good source (such as WSJ, NY Times, Business Week, the Economist, Fortune, see me if you are concerned about your source). A copy of your article **MUST** be attached to your critique (as in you will lose points if you do not do this). You may be complementary or critical of what is said in the article that is your choice.

Start by explaining the motivation of the article, its audience, and the main arguments of the article. Discuss the strengths or weaknesses of the articles (if any). Your grade will

be based on your ability to demonstrate a good understanding of the article and economic issues surrounding it, to convey them to the reader well, to substantiate your opinion by example and data whenever appropriate, to organize and to write well.

This project is worth 15% of your grade. I would expect these to be between 3-5 pages (of text) in length. You may choose your own margins, font, text size (think "normal"). I expect you to cite your sources (for data and otherwise) within your work (footnotes are preferred but endnotes would be acceptable) AND in a separate bibliography list.

Project 2: Countries in Practice (for you and a partner)

Choose a partner and be ready to submit your partner's name on the first quiz. (February 16th) (so you will need to have their name written down before you start to take the quiz.)

Choose two countries that are of interest to you. Research the availability of natural resources in each of the two countries, and choose an industry that could use those raw materials. Next propose a hypothetical business venture that could invest in either country. Then do an analysis of your countries' monetary policy, currency strength, and trade situation. Discuss the issues of transparency, fiscal responsibility, and political legitimacy and corruption. 50% of your grade will be based on the write up of your country (not your partner's) based on the analysis described above, so be sure to identify which country was done by which student.

So that means you need: 1 business venture; 2 possible countries for FDI; and one clearly defended choice for that FDI.

Note: You could do this the other way around if you'd prefer. That is, start with an industry you would like to learn more about. Research the inputs required and find two potential countries that have those resources. Then conduct your country analysis to determine which nation makes the most sense for a particular hypothetical company within your chosen industry.

Once you have completed your write up of the countries, decide which country is in the strongest position for foreign direct investment for your proposed venture and why? Finally, as a conclusion, reflect upon what you learned comparing the countries and how this might be applicable in your futures.

The other 50% of your grade will be based on organization, clarity, and flow of your paper, so be conscience of that when you are putting it together. You should each have at least two sources beyond the central banks of your countries researching the economics and monetary movements of each country. (Use Google Scholar to find resources; Wikipedia doesn't count as a source.)

GRADE BREAKDOWN:

First Exam:	20%
Second Exam:	20%
Final:	25%
Project 1	15%
Project 2	25%

KEY DATES:

First Exam	February 15
Project 1	March 10
Second Exam	March 29
Project 2	April 28
Final Exam	May 13 th (Thursday) 1-3pm.

MAKE-UP POLICY:

Make-up exams during the semester will be taken **before** the rest of the class takes their exam. You have until **February 1st, 2010** to notify me that you will need to take an exam early. After that I will expect you to be in class the day of the exam. Please arrange your travel plans accordingly.

There will be no make up exams for the final. The university policy on make up exams is:

"A business administration student who misses a final examination in any course must file a written excuse with the assistant dean in the College of Business Administration office within 48 hours. If the written excuse is approved by the assistant dean, all students enrolled in business administration courses (regardless of their college) with valid and verifiable non-academic excuses may take make-up examinations during a period scheduled by the college the following term. Clearance of X and I grades in all business administration courses is administered by the College of Business Administration."

Approximate Grading Scale:

This grading scale is where I start from to construct the grades from this class. According to university policies on grade inflation, there may be some deviation from this scale as I finalize grades. So if you have a 94.01%, you could end up with an A as easily as an AB. My intent is fairness and an accurate reflection of how you have done in comparison with your colleagues...much like how you will be graded in the real world. I do not round at all.

94 <	A	≤ 100%
88 <	AB	≤ 94
82 <	B	≤ 88
76 <	BC	≤ 82
70 <	C	≤ 76
64 <	CD	≤ 70
58 <	D	≤ 64

F ≤ 58

ATTENDANCE:

Attendance will be taken in this class if necessary. Experience shows that students who do not attend class faithfully do not achieve a high score. You decide how successful you want to be in this class by class attendance. The attendance policy of the College of Business Administration is as follows:

A student is expected to attend every exercise of the courses in which he or she is registered. Any absence, regardless of the reason, will prevent the student from getting the full benefit of the course and renders a student liable to university censure. Since it is assumed that no college student will be absent from class without reason, this college will not differentiate officially between excused and unexcused absences. When a student has absences in hours equal to two weeks of class periods, he or she may be dropped without warning, earning a grade of WA, at the request of the instructor or the dean of the college. After the WA grade has been issued, the student may not apply for a grade of W. All students enrolled in courses taught by the College of Business Administration must conform to the attendance policy in effect in the College of Business Administration even though they are registered through another college or division of the university.

EXTRA CREDIT: No extra credit will be offered or accepted. Extra effort on the part of the student should be directed to exam and assignment preparation.

ACADEMIC HONESTY: If any student is caught cheating or violating the common rules of academic honesty, I will use every resource available to see that the disciplinary measures provided by the University are applied to the fullest extent.

As a result of the new University guidelines, all students must turn in their written projects both in print (ie. Handed in to me in class on the day they are due) AND electronically to the D2L dropbox set up for the two projects. Electronic versions will be run through the "Turnitin" software system to check for plaguerism per COB policy.

Special Needs

Please inform me during the first week of class if you have any conditions that may limit or affect your ability to participate in this course so that we can make necessary arrangements. You may also contact the Office of Student Educational Services (OSSES), in AMU 317 (8-3270) for more information (see also: <http://www.marquette.edu/oses/>).

Emergency Plan

Every Marquette University campus building has emergency shelter and evacuation plans. Please

familiarize yourself with the plans of each building in which you take classes or attend meetings. Make sure to note the routes to the lowest level of the buildings for shelter during inclement weather, as well as exits from the buildings in the event of fire or other emergency.

TENTATIVE COURSE SCHEDULE

Section 1: Overview of International Trade Accounting and Currency Markets

NIPA and BOP accounting Practices (Chapter 1)
 Foreign Exchange Markets (Chapter 2)
 Money Markets: Short, Medium, and Long Run
 The AA-DD Model (Reading from Krugman on D2L)

Exam 1: AA-DD Model
 2010

February 15,

Section 2: The Historical Perspective (Chapters 3 and 9)

Overview of E/R Regimes
 PPP and the L/R picture
 Exchange Rate Variability and overshooting
 A Historical Perspective of E/R Systems
 The Gold Era
 The Bretton Woods System
 The Transition to Floating Rates

Exam 2:
 2010

March 29,

Section 3: Financial Architectures for firms and countries (Chapter 4)

Risk Strategies for firms (Chapter 5)
 International Banking Systems and Differences (Chapters 6 - 8)
 Shared Currencies and Optimal Currency Area Theory (Chapter 15)
 Developing Countries difficulties

Section 4: Currency Crises

Argentina
 South East Asia and Contagion
 The Role of the IMF and Bankruptcy
 Islamic Economics

Final

May 13, 2010