

INTR 804.3 International Financial Theory

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Term:	

CALENDAR DESCRIPTION

The primary course objective is to review and explore the main theoretical explanations economists use to understand the causes, and consequences, of the international flow of goods and assets. We will focus on the determination of exchange rates and the macroeconomic implications of the different exchange rate regimes. What causes exchange rates to rise? Why might countries choose to fix exchange rates? What is an optimal currency area and what are the benefits?

An important element of the course will be to look directly at data to get a sense of what is really happening and how to relate this to theory. As part of the assignments you will collect data directly from online sources and summarize/analyze main features.

PRE-REQUISITES

The required prerequisite for this course is six credit units in Introductory Microeconomics and Introductory Macroeconomics. As well, you should have completed INTR 801 as it develops some research skills that I hope to utilize in this course. I expect you to be able to use Microsoft Excel (or something equivalent) though you do not need to be expert at it.

I recommend that you complete INTR 803 first, since most textbooks presume you have done so. However, INTR 803 is not required prior to INTR 804.

Many of you will have taken your economics classes a number of years ago. It would be useful if you have access to first-year economics textbooks so that you can review relevant material and definitions. There is a free online textbook called *Introduction to Economic Analysis* by R. Preston McAfee from the California Institute of Technology. You can download the .pdf at <http://www.introecon.com/>. The text is aimed slightly above a first-year level but does offer a good review of material.

REQUIRED READINGS

The course is designed around the textbook by Paul R. Krugman and Maurice Obstfeld, *International Economics: Theory and Policy 8th Ed*, Addison-Wesley, Boston.

We will progress through the text more or less in sequence from chapters 12 to 22 though we will not necessarily spend equal time on each chapter. Your task is to understand the material in the text and to apply that knowledge in your assignments and final exam. If you can do this, you will be successful in the course.

I will assign supplemental readings to complement the textbook as well as some online materials. Most of the supplemental readings are available through the University Library or directly available online. You should read these additional materials and try to integrate them with material from the textbook

The textbook has an online tutorial called MYECONLAB that is available to students. Your textbook provides details on how to access this material. I encourage you to use it.

EVALUATION

Element	Due dates	Weight
Assignments (6)	Bi-weekly	40%
Term Paper		
Outline		0%
First Draft		25%
Final Draft		5%
Final Exam		30%

ACADEMIC INTEGRITY AND CONDUCT

Ensuring that you understand and follow the principles of academic integrity and conduct as laid out in University of Saskatchewan's Guidelines for Academic Conduct is vital to your success in graduate school. Ensuring that your work is your own and reflects both your own ideas and those of others incorporated in your work is important: ensuring that you acknowledge the ideas, words, and phrases of others that you use is a vital part of the scholarly endeavour. If you have any questions at all about academic integrity in general or about specific issues, contact your course instructor and to discuss your questions.