

UNIVERSITY OF ECONOMICS - VARNA
MASTER DEGREE CENTER
DEPARTMENT OF GENERAL ECONOMIC THEORY

Adopted by the FC (record №/ date):

Adopted by the DC (record №/ date): №8/28.02.2020

ACCEPTED BY:

Dean:

(Assoc. Prof. Hr. Blagoycheva, PhD)

SYLLABUS

SUBJECT: "INTERNATIONAL FINANCE";

DEGREE PROGRAMME: „International Business and Management“; MASTER`S DEGREE

YEAR OF STUDY: 6; SEMESTER: 11;

TOTAL STUDENT WORKLOAD: 270 hours; incl. curricular 60 hours.

CREDITS: 9

DISTRIBUTION OF WORKLOAD ACCORDING TO THE CURRICULUM

<i>TYPE OF STUDY HOURS</i>	WORKLOAD, hours	TEACHING HOURS PER WEEK, hours
CURRICULAR:		
incl.		
• LECTURES	30	2
• SEMINARS / LAB. EXERCISES	30	2
EXTRACURRICULAR	210	-

Prepared by:

1.
(Assoc. Prof. Kaloyan Kolev, PhD)

2.
(Assoc. Prof. Georgi Marinov, PhD)

Head of department:
Of General Economic Theory (Assoc. Prof. Hristo Mavrov, PhD)

I. ANNOTATION

The aim of this graduate level course is to familiarize students with key concepts, recent developments and puzzles in International Finance and International Macroeconomics. International Finance studies the effects of domestic and international banking, finance, foreign investment, trade, foreign exchange, macroeconomic policy and institutions on capital accumulation, unemployment, inflation, income distribution and conflicts in market economies including the rich, poor and semi-industrialized countries. This course addresses the following main topics: exchange rate determination in open economy models, failures of the law of one price and pricing to market, international business cycles transmission in general equilibrium models, exporter dynamics, short and long run adjustments of trade flows, determinants of international capital flows, monetary unification, sovereign debt issues etc.

The course is a blend of presentations and research paper discussions. The required reading assignment for each session consists of one or two journal articles. Students are expected to have carefully read these articles and be prepared to summarize and explain and discuss their key insights. The classes are based on open discussions on key concepts, contemporary issues and puzzles in International Finance and their empirical manifestation.

Following the successful completion of this course, students should know and be able:

- *to understand the contemporary processes of financial globalization*
- *to search and analyze international financial data, and to be able to assess independently and critically the major changes in the world economy*
- *to understand the influence of financial globalization, capital movement and international financial arrangements on the performance of business*
- *to acquire theoretical and practical knowledge of the sources of volatility in international business environment and reduce the risk.*

II. THEMATIC CONTENT

No.	TITLE OF UNIT AND SUBTOPICS	NUMBER OF HOURS		
		L	S	L.E.
THEME 1. GLOBALIZATION AND CAPITAL MARKETS.		3	3	
1.1	Patterns of financial globalization.			
1.2	The drivers of financial globalization.			
1.3	Financial globalization, volatility and risk.			
THEME 2. GLOBAL FINANCIAL CRISES.		4	4	
2.1	Short history of international financial crises.			
2.2	Alternative explanatory approaches toward financial crises.			
2.3	Financial development, financial integration, risk and volatility.			
2.4	A Critical assessment of the ‘new financial architecture’.			
THEME 3. FINANCIAL GLOBALIZATION AND GLOBAL IMBALANCES.		3	3	
3.1	The landscape of global imbalances.			
3.2	Long-run determinants of external Imbalances.			
3.3	The structure of global financial markets and the debate over global imbalances.			
3.4	The global crisis and global imbalances.			

THEME 4. THE EURO, THE EURO CRISIS AND THE DOLLAR.		4	4	
4.1	Theory and practice of monetary unification.			
4.2	Costs and benefits of running an international currency.			
4.3	The systemic crisis of the euro - causes and outcomes.			
4.4	The Euro and the Dollar.			
THEME 5. PUZZLES AND NEW DIRECTIONS IN INTERNATIONAL MACROECONOMICS.		4	4	
5.1	Six major puzzles in International Macroeconomics.			
5.2	The purchasing power parity puzzle.			
5.3	Why doesn't capital flow from rich to poor countries? (the allocation puzzle).			
5.4	Emerging market business cycles as a trend of development.			
THEME 6. INTERNATIONAL PRICE SETTING.		3	3	
6.1	Understanding International Price Differences.			
6.2	Pricing to market in a Ricardian model of International trade.			
6.3	Trade costs and international relative prices.			
THEME 7. EMERGING MARKETS, CAPITAL FLOWS AND CAPITAL CONTROLS.		4	4	
7.1	The trilemma of governance of capital flows and macroeconomic policy.			
7.2	Choice of exchange rate.			
7.3	Real exchange rates and development.			
7.4	Capital controls and capital mobility.			
THEME 8. DEBT, SOVEREIGN RISK AND DEFAULT.		5	5	
8.1	International capital markets and the limits of national economic policy.			
8.2	Debt, interest and the current account.			
8.3	The pure theory of country risk.			
8.4	Default risk and fluctuations in emerging economies.			
8.5	Sovereign debt restructuring – recent developments and implication.			
Total:		30	30	

III. FORMS OF CONTROL:

No.	TYPE AND FORM OF CONTROL	Number	Extra-curricular, hours
1.	Midterm control		
1.1.	Midterm 1 (test, solving problems and open essay questions)	1	30
1.2.	Midterm 2 (test, solving problems and open essay questions)	1	30
1.3.	Course work	1	70
Total midterm control:		3	130
2.	Final term control		
2.1.	Examination (test, solving problems and open essay questions)	1	80
Total final term control:		1	80
Total for all types of control:		4	210

IV. LITERATURE

REQUIRED (BASIC) LITERATURE:

1. Martin Wolfson, Gerald Epstein (eds.), The Political Economy of Financial Crises, Oxford University Press, 2013
2. Obstfeld and Rogoff, Foundations of International Macroeconomics, MIT Press, 1996
3. Charles Kindleberger, Robert Aliber, Manias, Panics and Crashes, John Wiley, Inc., 2005
4. Barry Eichengreen, Globalizing Capital, Oxford University Press, 2011

RECOMMENDED (ADDITIONAL) LITERATURE:

1. M. Kose, E. Prasad, K. Rogoff, S. Wei, "Financial Globalization: A Reappraisal", NBER Working Paper No. 12484, 2006
2. Philip Lane and Gian Maria Milesi-Ferretti, "The drivers of financial globalization" American Economic Review, 98(2): 327-32, 2008
3. Pierre-Olivier Gourinchas and Jeanne Olivier, "Capital Flows to Developing Countries: The Allocation Puzzle," Working Paper Series WP09-12, Peterson Institute for International Economics, 2009
4. James Crotty, "The Structural Causes of the Global Financial Crisis: A Critical Assessment of the 'New Financial Architecture'", Cambridge Journal of Economics, 2009, 33, pp. 563- 580
5. Tamim Bayoumi, Barry Eichengreen, One Money or Many? Analyzing The Prospects for Monetary Unification In Various Parts of the World, Princeton Essays in International Finance, 1994.
6. Heiner Flassbeck, Costas Lapavitsas, "The Systemic Crisis of the Euro-True Causes and Effective Therapies", 2012
7. Elias Papaionnou and Richard Portes, "Costs and Benefits of Running an International Currency", CEPR, 2008
8. IMF, Macprudential Policy: What Instruments and How To Use Them? Lessons from Country Experiences, 2011
9. IMF, "Sovereign Debt Restructuring – Recent Developments and Implication for the Fund's Legal and Policy Framework", 2013

10. Obstfeld, M., and K. Rogoff, "Six major puzzles in International Macroeconomics," NBER Macro Annual, 2000
11. Rogoff, K., 1996, "The Purchasing Power Parity Puzzle." Journal of Economic Literature 34, 647-668
12. Gourinchas, P., "Capital Flows to Developing Countries: The Allocation Puzzle", 2009
13. Aguiar, M., G. Gopinath "Emerging Market Business Cycles: The cycle is the Trend," Journal of Political Economy, 2007
14. Atkeson, A., and A. Burstein, "Pricing to Market in a Ricardian Model of International Trade." American Economic Review: Papers and Proceedings 97, 362-367 , 2007
15. Atkeson, A., and A. Burstein, "Pricing to Market, Trade Costs, and International Relative Prices." American Economic Review, 98, 1998-2031, 2008