IBUS 4303  INTERNATIONAL MONETARY AND FINANCIAL ISSUES

Prof. D. Leipziger (Dept. of Intl Business)
Duques 450 • (202-994-8202) • DLEIPZIG@GWU.EDU
Classes: Wednesdays 3:30-6:00pm ESIA 212
Office Hours: Best by Appointment on Tuesdays
TA: Scott Hensley (scotthensley@gwu.edu)

COURSE DECRITION AND OBJECTIVES:

International monetary issues were never contained within borders; however, globalization and financial integration of markets has made the financial world fairly flat. Shocks reverberate throughout the system; weaknesses in one currency or a loss of confidence in one part of the financial architecture will have implications. This course aims to examine the nature of financial shock and looks in depth at how the authorities deal with financial problems. To enable students to accurately study the financial crises, it is useful to review the open macro-economic framework that underpins the financial sector. This review and a look at the role of financial oversight institutions will help us look at the crises in Mexico, Korea, Argentina, and Greece.

In order to see the whole picture, the role of the dollar and the role of central banks more generally should be discussed and analyzed. The course will ultimately examine the risks currently facing the international monetary and financial system and will begin to look at the emerging roles of new economic players in the global system. The objective of the course is to enable students to better understand what they read about, see, and witness in the global financial arena. A solid understanding of intermediate macroeconomics is very helpful, although the first few classes will review this for those who have forgotten their macroeconomic fundamentals.
COURSE REQUIREMENTS, THE APPROACH TO LEARNING, ASSIGNMENTS, AND GRADING CRITERIA:

Text: James Gerber, INTERNATIONAL ECONOMICS, Addison-Wesley (Fifth Edition is preferred)


Readings to be assigned will made available on Blackboard, but HBS cases should be procured by students.

Class attendance is not optional and excessive absences will be noted
Classroom participation is strongly recommended
Normal GWU rules apply with respect to integrity and decorum
In a lecture format it is important to take notes.
Web-surfing is discouraging and is punishable by death!

Grading Criteria:

<table>
<thead>
<tr>
<th>Task</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Classroom participation, preparedness, and FT article presentation (described further under information for classes 13 and 14)</td>
<td>20%</td>
</tr>
<tr>
<td>Assigned paper (to be discussed in class)</td>
<td>30%</td>
</tr>
<tr>
<td>Final Exam</td>
<td>50%</td>
</tr>
</tbody>
</table>

CLASS 1. JAN. 16, 2013

NO CLASS THIS WEEK

CLASS 2. JAN. 23, 2013

Reading Assignments:
Look at your Intermediate Macro text and review concepts
You will need to regain familiarity with a simple IS-LM framework
Refer to the IS-LM handout if you are unsure of concepts
Lecture Topics: Introduction to Global Financial Markets and A Review of Macro-economics

CLASS 3. JAN. 30, 2013

Reading Assignments:
Gerber’s International Economics: Chapters 11, 9 and 10

Lecture Topic: Open Economy Macro, the Balance of payments, and the Exchange Rate

CLASS 4. FEB. 6, 2013

Reading Assignments:
Review problem set distributed previously and be ready to discuss in class
Capital Controls in Chile in the 1990s, HBS Case # 9-075-031

Lecture Topic: A Review of What Central Banks Do and How they Do It
The Cases of Chile and Brazil and Capital Flows

Video: Keynes vs von Hayek or QE2

CLASS 5. FEB. 13, 2013

Reading Assignments:
Gerber: Chapters 2, 12

Lecture Topic: Global Financial Issues and Institutions
The Role of the IMF, the World Bank, and the FSB

CLASS 6. FEB. 20, 2013

Reading Assignments:
Gerber: Chap. 13
Mexico Case: The Tequila Crisis, HBS Case # 9-702-093

Class Topic: The Tequila Crisis
CLASS 7. FEB. 27, 2013

Reading Assignments:
Gerber: Chap. 16
Leipziger on Moral Hazard in Korea: “Public and Private Interests in Korea,”
The East Asia Financial Crisis, HBS Case # 9-709-004

Class Topic: The Korean Crisis of 1997

CLASS 8. MARCH 6, 2013

Reading Assignments:
Gerber: Chap. 16
Argentina: Anatomy of a Financial Crisis, Thunderbird Case A03-04-0006

Class Topic: The End of Convertibility and the Corralito

CLASS 9. MARCH 20, 2013

Reading Assignments:
Gerber: Chap. 14
IMF Report on Greece: (to be distributed)

Class Topic: Greece and the Euro Crisis

MID-TERM ASSIGNMENT: *Due March 25 at 11:59 PM*

You are expected to take a look at what the government could have done differently in the case of Argentina, what the IMF could have done differently in the case of Korea, or what the ECB could have done differently in the case of Greece. The paper (5 single-spaced pages in length) should be in your own words, sources noted, and should demonstrate that you understand the concepts driving crises and the lesson in how to try and avoid them.

CLASS 10. MARCH 27, 2013

Reading Assignments:
Gerber: Chap. 12 reread

Lecture Topic: Lessons Learned from Banking and Financial Crises

CLASS 11. APRIL 3, 2013

Reading Assignments:

Lecture Topic: Risk, Contagion and Regulation

CLASS 12. APRIL 10, 2013

Reading Assignments:

Lecture Topic: The Dollar, the Euro, and Renminbi

Assignments for Classes 13 & 14

Students will be asked to find topics in recent Financial Times issues that touch upon monetary and financial issues and bring them to class along with a one page synopsis and the accompany policy issue for discussion. Groups can work together. Detailed instructions to follow.

CLASS 13. APRIL 17, 2013

FT Assignments

CLASS 14. APRIL 24, 2013

FT Assignments continued

GENERAL DISCUSSION AND REVIEW

FINAL EXAM: MAY 8, 2013