INSTRUCTOR: Dr. Hui-Kuan Tseng
OFFICE: 227A, Friday Building
OFFICE PHONE: 704-687-7598
OFFICE HOURS: MW 10:00 - 11:30 am and T 12:30 - 2:00 pm, other hours by appointment only
EMAIL: htseng@uncc.edu

Course Website: All course materials including syllabus, lecture outlines and other materials are available on Moodle. The pace of my lectures will be based on the assumption that you have read the outlines before you come to class.

Required Text: Dominick Salvatore, International Economics, 11th edition, Wiley. A custom ebook which covers only parts 3 and 4 of the textbook is available online. The ISBN is 9781119192305. Students must use the following link to the Vital Source book page to purchase. http://store.vitalsource.com/search?q=9781119192305&search.x=41&search.y=8. Once downloaded, the Wiley E-Text will appear in the VitalSource Bookshelf on your computer. The download instructions are given at the end of this syllabus. (If you prefer to have a hard copy of the whole textbook, you should be able to purchase from any online bookstore. However, we will only cover the international finance part of the book. The ISBN for the whole book is 978-1-118-17793-8)

Catalog Course Description: Economics of International Finance. (3) Prerequisites: ECON 2101 and ECON 2102; ECON 3123 or ECON 3171; MATH 1120 or MATH 1241; STAT 1220 or equivalent; all with grades of C or above. Survey of international monetary theory. Topics include: exchange rate determination, balance of payments and adjustment, international liquidity, capital movements, international financial organizations, and monetary reform proposals.

Course Objectives: This course will expose students to the main topics in International Finance. In the course we will study how exchange rates are formed, how to analyze the balance of payments, the implications/constraints of monetary policy conduction in open economies, how to evaluate and think about sovereign debt. The main goal of this course is to prepare students to work in the areas of International Financial Economics. This class will provide a set of tools and economic thinking that are essential when working with these topics. For those students who
intend to pursue further studies, this course will prepare them with the economic thinking that is fundamental for a successful academic career.

**Course Policies**

**Attendance:** Students are expected to attend, to arrive on time and to stay the entire class period. Attendance will be taken each week. No points are explicitly added for attendance nor subtracted for absences. However, attendance will be considered when I determine your final course grade. When missing class, students will be expected to obtain class notes or assignments from other students in the class.

**Grading:**

Undergraduates:

<table>
<thead>
<tr>
<th>Test/Semester</th>
<th>Points</th>
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<tbody>
<tr>
<td>TEST 1</td>
<td>100</td>
</tr>
<tr>
<td>TEST 2</td>
<td>100</td>
</tr>
<tr>
<td>FINAL EXAM (non-cumulative)</td>
<td>100</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>300</td>
</tr>
</tbody>
</table>

Graduates:

<table>
<thead>
<tr>
<th>Test/Semester</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>TEST 1</td>
<td>100</td>
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<tr>
<td>TEST 2</td>
<td>100</td>
</tr>
<tr>
<td>FINAL EXAM (non-cumulative)</td>
<td>100</td>
</tr>
<tr>
<td>PROJECT</td>
<td>30</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>330</td>
</tr>
</tbody>
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**Notes:**

1. There will be two 100-point tests during the semester plus a 100-point non-cumulative final exam, totaling 300 points.
2. Make-up tests will only be allowed for pre-excused absences. Written proof of the reason for absence must be provided. Examples of acceptable reasons are: medical (minor illnesses not included), death of or serious illness to family members, major traffic accident, and athletes and others who represent the university on a regular basis. Remember, excused absences must provide a written reason from the appropriate official(s) indicating the exact dates for which class was or will be missed.
3. The final exam will be given according to the university's final exam schedule. There will be no consideration given to students who wish to take the final exam early.
4. Graduate students are required to work on a project which worth 30 points. This project consists of a 5 pages (max) literature review of one topic from a list of topics covered in class.
5. **Bonus Opportunities:** There are extra credit opportunities. You may earn extra credits from in-class practice questions. Ten percent (10%) of the total points you earn on the practice questions counts as your extra credit. When the extra credits are offered, they must be completed in class and only students who are present are eligible for the extra credits. No make-up for in-class practice questions.
6. The course grade is determined by the following formula and scale:

Undergraduates:

\[
\text{Average(\%)} = \frac{\text{Test 1} + \text{Test 2} + \text{FinalExam} + 10\% \text{ practice}}{300}
\]

Graduates:

\[
\text{Average(\%)} = \frac{\text{Test 1} + \text{Test 2} + \text{FinalExam} + \text{Project} + 10\% \text{ practice}}{330}
\]

A = 90\% or above
B = 80\% - 89.9\%
C = 70\% - 79.9\%
D = 60\% - 69.9\%
F = below 60\%

**Cells phones and other technology:** The use of cell phones, beepers, or other communication devices is disruptive, and is therefore not permitted during class. If you have a personal or professional emergency or urgent matter, let the instructor know that you may need to respond to a call during class; turn your cell phone to the "vibrate" option, and leave the room to respond to the call. Otherwise, cell phones and other communication devices should be turned off. I also ask that students do not "surf" the internet, text-message or twitter during class; if you have a personal emergency let me know; you can leave the room to respond to a call or text-message. One more thing, you may not use the calculator features of your cell phone during exams.

**Academic Integrity:** Students have the responsibility to know and observe the requirements of The UNC Charlotte Code of Student Academic Integrity. This code forbids cheating, fabrication or falsification of information, multiple submissions of academic work, plagiarism, abuse of academic materials, and complicity in academic dishonesty. Any special requirements or permission regarding academic integrity in this course will be stated by the instructor and are binding on the students. Academic evaluations in this course include a judgment that the student's work is free from academic dishonesty of any type; and grades in this course therefore should be and will be adversely affected by academic dishonesty. Students who violate the code can be expelled from UNC Charlotte. The normal penalty for a first offense is zero credit on the work involving dishonesty and further substantial reduction of the course grade. In almost all cases, the course grade is reduced to F. Copies of the code can be obtained from the Dean of Students Office. Standards of academic integrity will be enforced in this course. Students are expected to report cases of academic dishonesty to the course instructor.
TENTATIVE READING ASSIGNMENTS

CHAPTER

Introduction 1
Balance of Payment 13
Foreign Exchange Markets and Exchange Rates 14

Tuesday, 9/22 ******* Test 1 *******

Exchange Rate Determination 15
The Price Adjustment Mechanism with Flexible and Fixed Exchange Rates 16
The Income Adjustment Mechanism and Synthesis of Automatic Adjustments 17

Tuesday, 11/3 ******* Test 2 *******

Open-Economy Macroeconomics: Adjustment Policies 18
Prices and Output in an Open Economy: Aggregate Demand and Aggregate Supply 19
Flexible versus Fixed Exchange Rates, the European Monetary System, and Macroeconomic Policy Coordination 20

Tuesday, 12/15 ******* Final Exam *******
8:00 pm - 10:30 pm

The Belk College of Business strives to create an inclusive academic climate in which the dignity of all individuals is respected and maintained. Therefore, we celebrate diversity that includes, but is not limited to ability/disability, age, culture, ethnicity, gender, language, race, religion, sexual orientation, and socio-economic status.
Some links that you may find useful:

International Monetary Fund: http://www.imf.org
Federal Reserve Board: http://www.federalreserve.org
European Central Bank: http://www.ecb.int
Eurostat: http://epp.eurostat.ec.europa.eu
OANDA: http://www.oanda.com/
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