Economics 522: International Financial Economics

Course Objectives. The purpose of this course is to introduce you to current theoretical and policy problems in financial markets. We will address the following questions:
(1) Why are some countries and firms successful?
(2) What strategies and policies have countries and firms followed to grow?
(3) Under which conditions do capital markets work? Why do they fail?
(4) What special problems do emerging financial markets (EFMs) & small firms (entrepreneurs) face?
(5) What are the foundations of the state & private markets (institutional and information requirements)?


Session 1: Overview & Introduction
READ: chapter 1 – The Emerging Market Phenomenon: History & Recent Facts

Session 2: Economic Theory: Micro & Macro Review
READ: Lecture Note on Micro & Macro Review

Session 3: Economic Theory: Solow Growth Model – Rich & Poor Countries
READ: Lecture Note on the Solow Growth Model

Session 4: Economic Theory: Solow Growth Model – Why Doesn’t Capital Flow?
READ: chapter 2 – Financial Repression & Development; Readings on Political Philosophy

Session 5: The Role of the Government
READ: chapter 2 and Lecture Note on Political Philosophy

Session 6: Financial & Economic Development
READ: chapter 2 – Financial Repression & Development

Session 7: The Role of Private Markets
READ: chapter 3 – Privatization & Financial Liberalization

Session 8: The Role of Private Markets
READ: chapter 3 – Privatization & Financial Liberalization

Session 9: Review and Problem Session

Session 10: Exam I.

Session 11: Market Foundations
READ: chapter 4 – Legal Foundations

Session 12: Market Foundations: Legal
READ: chapter 4 – Legal Foundations

Session 13: Market Foundations: Legal – Bankruptcy
READ: Lecture Note

Session 14: Market Foundations: Information & Control
READ: chapter 5 – Information & Control

Session 15: Market Foundations: Information & Control
READ: chapter 5 – Information & Control
Session 16: Information Problems: Debt Contracts – Bonds  
   READ: Lecture Note

Session 17: Information: Equity Contracts & the Stock Market – Asset Pricing  
   READ: Lecture Note

Session 18: Information: The Special Problems of Small Firm Finance  
   READ: Lecture Note

Session 19: Currency Stability: Inflation & Devaluation  
   READ: chapter 6 – Inflation & Currency Stability

Session 20: Crises & Reform: Banks  
   READ: chapter 7 – The Trouble with Banks

Session 21: Crises & Reform: Financial Crises  
   READ: chapter 8 – Financial Crises

Session 22: Crises & Reform: Financial Crises  
   READ: chapter 8 – Financial Crises

Session 23: Review and Problems

**Session 24: Exam II**

Session 25: Financial Institutions: Small and Large Scale

Session 26: Building Good Institutions  
   READ: chapter 9 – Building Financial Institutions

Session 27: Building Good Institutions: Micro Credit  
   READ: Lecture Notes

Session 28: Review and Summary

**Session 29: Final Exam.**