

**ECON 190: SENIOR SEMINAR IN INTERNATIONAL FINANCE**  
**SPRING 2009, POMONA COLLEGE**  
[HTTP://WWW.ECONOMICS.POMONA.EDU/SLAVOV/ECON190](http://www.economics.pomona.edu/slavov/econ190)

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Office hours: Tuesday 2-3 pm, Wednesday 3-4 pm, Thursday 3-4 pm

**Prerequisites:**

Econ 101, Econ 102, and Econ 107 (or 167).

**Class meetings:**

We will meet Mondays and Wednesdays at 1:15 pm in Hahn 107.

**Required books:**

Blustein, Paul. The Chastening: Inside the Crisis that Rocked the Global Financial System and Humbled the IMF. PublicAffairs, 2003.

Blustein, Paul. And the Money Kept Rolling In (and Out): Wall Street, the IMF, and the Bankrupting of Argentina. PublicAffairs, 2006.

**Recommended books:**

Obstfeld, Maurice, and Kenneth Rogoff. Foundations of International Macroeconomics. MIT Press, 1996. (*Available at the Bookstore. We'll cover 30-40 pages from this graduate-level text.*)

Krugman, Paul, and Maurice Obstfeld. International Economics: Theory and Policy. Addison-Wesley. (*A good background reference for those who have not taken Econ 123.*)

Yarbrough, Beth, and Robert Yarbrough. The World Economy: Trade and Finance. South-Western. (*Ditto.*)

**What is this senior seminar about?**

We are going to explore international finance through a mix of theoretical models, empirical evidence, and policy debates. Our primary focus will be on how well global financial markets help us deal with time and uncertainty. We will zoom in on the incompleteness, imperfections, failures, and crises which plague those markets, with particular focus on the ongoing global financial crisis. We will learn about the international monetary system and its main institutions.

The course will be divided into three segments. In the first segment, roughly January 21 till February 11, we will cover sections from the Obstfeld and Rogoff (OR) book. OR is a graduate-level text, so we will cherry-pick those segments which are accessible. For the most part, OR will paint an idealized picture of how international asset markets are *supposed* to work.

In the second segment, approximately February 16 till March 30, we are going to discuss papers. Students will take the center stage and will take turns presenting papers and leading the discussion. I will sit in the back of the room and (hopefully) keep very quiet.

Throughout the first two segments of the class, we are also going to read Paul Blustein's two books on the International Monetary Fund (IMF) and the spate of emerging market crises between 1997 and 2002. Both books are fun ( "riveting thrillers about the IMF"), and they provide non-technical background to the course.

In the final month of Econ 190, roughly April 6 till May 6, you will split in groups of 2 or 3. Each group will act as a "country desk" at the IMF. Each group will monitor macroeconomic developments at a particular developing country (Brazil, Russia, India, China, etc.), with a special focus on the vulnerability of that particular country to the ongoing global financial crisis. You will write a country report and you will present both its first and final draft to your classmates. More details on the final segment of the class will be provided later.

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|------------------------|---|-----|
| <b><u>Grading:</u></b> | Writing assignments (best 16 out of 19)                 | 10% |
|                        | Homeworks (up to 4)                                     | 10% |
|                        | 2 paper presentations                                   | 20% |
|                        | Midterm   | 20% |
|                        | Country report (first and final draft, 2 presentations) | 25% |
|                        | Class attendance and participation                      | 15% |

**So far, so good, but always make sure you read the small print:**

The writing assignments will be based on the chapters from Paul Blustein's books and on the papers you will present and discuss during the second segment of the class. Assignments should be typed, 1-2 pages long, and will be due in class only. I will not accept them before or after class, or over e-mail. In your writing assignment, you should suggest topics for classroom discussion. Do you have any disagreements with the author(s)? Anything that puzzles you? Any limitations, omissions, or loose ends? Any questions you would like to bring up in class – and perhaps possible answers to these questions?

Late homework will not be accepted. It is your responsibility to plan accordingly and submit your homework on or before the due date.

You can skip 1 homework and 3 writing assignments without penalty. Use your freebies wisely. Save them for illness, travel, crunch in other classes, religious observances, or any other unanticipated emergency.

Together with a classmate, you will be responsible for presenting a paper and leading the discussion twice during the second segment of the class. More detailed guidelines on the structure of the presentations will be provided later.

The midterm will take place on Wednesday, April 1, during regular class time. There will be no alternate midterm dates. The midterm will be closed-book, closed-notes.

This is a senior seminar, so class attendance is mandatory. I expect you to demonstrate your command of the assigned readings, and to contribute questions as well as answers and ideas to the discussion. Your attendance and participation record will be reflected in your final grade for this class.

Finally, if you have a documented disability and wish to discuss academic accommodations, please contact me as soon as possible.

**Communication:**

The course has a web page where I will post lots of good stuff. The address is:

<http://www.economics.pomona.edu/slavov/econ190>

**Schedule of readings from Blustein's books:**

Monday, January 26: Chapters 1-2 in *The Chastening*

Wednesday, January 28: Chapters 3-4 in *The Chastening*

Monday, February 2: Chapter 5 in *The Chastening*

Wednesday, February 4: Chapters 6-7 in *The Chastening*

Monday, February 9: Chapters 8-9 in *The Chastening*

Wednesday, February 11: Chapter 10 in *The Chastening*

Monday, February 16: Chapters 11-12 in *The Chastening*

Monday, February 23: Chapter 13 in *The Chastening*

Prologue and Chapters 1-2 in *And the Money Kept Rolling In (and Out)*

Monday, March 2: Chapters 3-4 in *And the Money Kept Rolling In (and Out)*

Monday, March 9: Chapters 5-6 in *And the Money Kept Rolling In (and Out)*

Monday, March 23: Chapters 7-8 in *And the Money Kept Rolling In (and Out)*

Monday, March 30: Chapters 9-10 in *And the Money Kept Rolling In (and Out)*