



## **CIEE Global Institute – Paris**

<b>Course name:</b>	International Finance
<b>Course number:</b>	(GI) BUSI 3001 PAFR
<b>Programs offering course:</b>	Paris Open Campus (Business Track)
<b>Language of instruction:</b>	English
<b>U.S. semester credits:</b>	3
<b>Contact hours:</b>	45
<b>Term:</b>	Spring 2018

### **Course Description**

This course provides students with an overview of the dynamics of the global financial and international monetary systems. Students develop knowledge of the fundamental concepts needed to understand foreign direct investment, financial flows, international trade and investment deals. As political risk and economic exposure to global events have become more immediate, special attention will be given to the 2007-2012 world banking crisis, the role of central banks in the stabilization of national economies, the European debt crisis, and the specific economic challenges to which France has been exposed. Alternative views and policy measures to help struggling economies overcome the economic and financial crisis – like contracting (or expanding) government spending – as developed by the EU, and the US, accordingly will be assessed and critically analyzed.

### **Learning Objectives**

By the end of the course, students will be able to:

- Understand basic financial concepts and their application to the very intricate web of international economic and financial transactions.
- Discuss the determinants of international financial transactions and their consequences in the present-world economic and financial order.
- Comprehend the decisions made by various agents (governments, multinational corporations, public and private banks) and how these interact in the international financial markets.
- Read and analyze economic and market indicators for a better understanding of the world panorama of economics and finance.



- Apply these indicators and criteria to financial decisions taken within multinational corporations for effective governance.

### **Course Prerequisites**

Previous coursework in microeconomics, macroeconomics and international economics (which should include the basics of international trade) are course prerequisites. This course is not suitable for students with no previous economics classes.

### **Methods of Instruction**

The course will be highly interactive between the instructor and the students. Students are expected to do the required readings before class so they can discuss the material among themselves and with the instructor. PowerPoint presentations, including short video clips, will be used by the instructor to introduce the material required. Students are expected to prepare questions based on their reading and interact thoughtfully in class. The list of online references at the end of the syllabus includes web sites on financial information that should be consulted daily during the course, as finance is a dynamic and changing discipline that needs constant updating; therefore the students will be responsible for checking selected web sites daily for in-class discussion.

### **Assessment and Final Grade**

Written Assignments:	35%, including
Short paper	15%
Long paper	20%
Oral Presentation:	20%
Final Exam:	25%
Class Participation:	20%

### **Course Requirements**

#### **Written Assignments**

Students will write two papers, due in Week 3 and on the last class of Week 5, respectively. The first should be 1000-word long and will be undertaken as a newspaper article. The second will be an essay on a specific topic provided by the instructor. It should be 3000-word long and address the question in an argumentative way.



### **Oral Presentation**

Each student will choose a topic on international finance from a list of possible case studies provided by the instructor on the first day of class. The presentation should be accompanied by a PowerPoint slideshow. It should not exceed 20 minutes and will be followed by a Q&A session. To be successful, this assignment should use examples from real-life in the domains of finance or trade.

### **Final Exam**

Students will take a final exam at the end of the course. The exam will involve a multiple choice test and a short essay. It will cover all topics analyzed in class.

### **Class Participation**

As part of their work in this course, students should demonstrate learning beyond the submission of written assignments or presentations. As such, all students receive grades based upon participation.

Participation is valued as meaningful contribution in the digital and tangible classroom, utilising the resources and materials presented to students as part of the course. Students receive grades based upon their contributions both in the classroom and in the Canvas course.

Meaningful contribution requires students to be prepared, as directed by the Instructor, in advance of each class session. Students must clearly demonstrate they have engaged with the materials where directed.

This includes valued or informed engagement in, for example, small group discussions, online discussion boards, peer-to-peer feedback (after presentations), interaction with guest speakers, and attentiveness on co-curricular and outside-of-classroom activities.

### **Class Attendance and Punctuality**

Regular class attendance is required throughout the program, and *all unexcused absences will result in a lower participation grade for any affected CIEE course.*

Due to the intensive schedules for Open Campus and Short Term programs, *unexcused absences that constitute more than 10% of the total course sessions will also result in a lower final grade.*

Students who transfer from one CIEE class to another during the add/drop period will not be considered absent from the first session(s) of their new class, provided they were marked



present for the first session(s) of their original class. Otherwise, the absence(s) from the original class carry over to the new class and count against the grade in that class.

For CIEE classes, excessively tardy (over 15 minutes late) students must be marked absent. *Attendance policies also apply to any required co-curricular class excursion or event, as well as to Internship, Service Learning, or required field placement.* Students who miss class for personal travel will be marked as absent and unexcused. No make-up or re-sit opportunity will be provided.

An absence in a CIEE course will only be considered excused if:

- a doctor's note is provided
- a CIEE staff member verifies that the student was too ill to attend class
- satisfactory evidence is provided of a family emergency

Attendance policies also apply to any required class excursion, with the exception that some class excursions cannot accommodate any tardiness, and students risk being marked as absent if they fail to be present at the appointed time.

Unexcused absences will lead to the following penalties:

<i>Percentage of Total Course Hours Missed</i>	<i>Equivalent Number of Open Campus Semester classes</i>	<i>Minimum Penalty</i>
Up to 10%	1	No academic penalty
10 – 20%	2	Reduction of final grade
More than 20%	3 content classes, or 4 language classes	Automatic course failure, and possible expulsion



## Weekly Schedule

NOTE: this schedule is subject to change at the discretion of the instructor to take advantage of current experiential learning opportunities.

### **Week 1**

Session 1 – Introduction to the course:  
Syllabus will be presented and reviewed, with emphasis on assessment methods and course requirements.  
A short history of banks and money.

Session 2 – An introduction to international finance.  
Presentation of the framework of IF and IF institutions (IMF and BIS).

### **Week 2**

#### **International Exchange Markets**

Throughout this week students will learn the fundamentals of foreign exchange markets: from the record of economic transactions between the residents of the country and the rest of the world in a particular period (the balance of payments) to the functioning of financial and currencies as well as commodities markets.

Session 1 – From the balance of payments to the supply chain value: how to assess international trade.

Session 2 – Direct foreign investment and capital flows in corporate finance, the FOREX and commodities.

Session 3 - Trade agreements and finance.

### **Week 3**

#### **Central banking and international finance**

After examining how the two most prominent players operate, students will examine the fixing of interest rates and its effects on investment strategies.



Session 1 – Visit of the OECD (this session will take place on Wednesday morning, 9 - 11:30, to replace the April 17 session).

Session 2 - The ECB vs the FED: structure and policies (1). The ECB vs the FED: structure and policies(2).

- **Written assignment 1 due.**

#### **Week 4**

##### **Financial Risk Management**

Risk is key to any financial activities, so this week's focus will be on how to assess risks and to manage solutions to avoid them.

Session 1 – Hedging strategies against risk exposure and portfolio choices.

Session 2 – Exchange rates and Forex: monetary policy in the context of international trade.

Session 3 – Measuring a country's risk level in emerging countries (in cooperation with the Unit of Economics Analysis of the Société Générale Paris).

#### **Week 5**

##### **Decision-Making Strategies in International Finance**

This week students will become acquainted with the strategic decisions regarding short- and long-term investments, in terms of portfolio as well as foreign direct investments. An international overview of the policies of central banks will help students to identify the differences among countries or regions and to understand why those differences exist.

Session 1 – Corporate Finance in a time of low interest rates.



Session 2 – Credit and prudential regulations in the aftermath of the 2008 crisis.

Session 3 – Monetary zones and supervision in the EU.

- **Written Assignment 2 due.**

## **Week 6**

### **Conclusions and Review: An Ethical Viewpoint**

Session 1 – Regulation and investment protection (in cooperation with the BIAC (Business Industry Advisory Committee to the OECD)).

Session 2 – Question time on the issues dealt with over the seminar as a whole.

Session 2 - Final Exam. Course evaluations. Conclusion: Finance and Ethics.

## **Course Materials**

### **Bibliography - General References**

Galbraith, J.K. *The End of Normal: The Great Crisis and the Future of Growth*. Simon & Schuster, 2014.

Graeber, D. *Debt, the first 5000 years*. Melville House, 2014 (2nd edition).

Grath, A. *The Handbook of International Trade and Finance*. Philadelphia, PA, Koganpage Publishers, 2013.

King, M. *The End of Alchemy: Money, Banking, and the Future of the Global Economy*. W. W. Norton & Company, 2016.



Krugman, P., Obstfeld, M., Melitz, M., *International Economics: Theory and Policy*. Pearson Addison-Wesley, 2011.

Lewis, Michael. *The Big Short*. New York: W. W. Norton & Company, 2010.

Lewis, Michael. *Flash Boys*. New York: W. W. Norton & Company, 2014.

Madura, J. *International Financial Management*. Canada, Cengage, 2010.

Mallaby, S. *More Money Than God: Hedge Funds and the Making of the New Elite*. Bloomsbury Publishing PLC, 2011 .

Martin, F. *Money, the Unauthorized Biography*. Vintage, 2014.

Reinhart C., Rogoff D. *This time is different*. Princeton University Press, 2011.

Taleb, N. *Fooled by Randomness: The Hidden Role of Chance in Life and in the Markets*. 2007.  
\_\_\_\_\_. *The Black Swan*. Second Edition: *The Impact of the Highly Improbable: With a new section: "On Robustness and Fragility"*. Random House Trade Paperbacks, 2010.

Turner, A. *Between Debt and the Devil – Money, Credit, and Fixing Global Finance*. Princeton University Press, 2015.

### **Online Resources**

Many websites are devoted totally or partially to finance in an international context. Consulting these sites may prove of high interest to be well informed, to feed research papers and to gather some insights on the various topics you will have to study.

The following websites do represent a short but useful collection of references—not an exhaustive one.

<http://www.centerforfinancialstability.org/research.php>

Not well-known but interesting.



<https://www.weforum.org/agenda/2016/11/10-must-read-economics-stories-of-the-week-b06d76b7-7215-4c75-904e-6955fe6884aa> and more generally <https://www.weforum.org/>  
<https://www.project-syndicate.org/business-finance>

Also, do not forget to check the other sections available on that site.

<https://www.ft.com/> is one of the most useful newspapers on our topic.

<https://www.brookings.edu/> provides a range of reports, podcasts and other papers.

<https://www.bis.org/> is one of our prime sources of investigative papers.

<http://www.imf.org/external/index.htm> Obviously!

Further reading materials will be assigned on a week-by-week basis. The lecturer will provide a complete list of complementary readings, media sources and articles published in national and international media in order to stimulate class debates and activities.