

Department of Economics,
Mofid University, Qom, Iran



Course Syllabus: Advanced International Finance

Professor: Nasser Elahi

Semester: Fall 2024

Course Level: PhD

Introduction and Objectives

This course is designed to provide students with a deep understanding of the dynamics of international financial markets and the macroeconomic policies that shape them. This course will explore the intricate mechanisms of exchange rate determination, the challenges posed by the impossible trinity, and the ongoing debate between neoliberalism and interventionist discretion.

Students will engage with a variety of theoretical frameworks and empirical studies to critically analyze how different countries, including Iran, navigate the complexities of international finance. The course will cover key topics such as the impact of global financial integration, the role of central banks in managing exchange rates, and the influence of political and economic factors on financial stability.

Through a combination of lectures, case studies, and interactive discussions, students will develop the skills necessary to assess and interpret current international financial issues. The course aims to foster a comprehensive understanding of how global financial markets operate and how policy decisions can affect economic outcomes on both a national and international scale.

By examining real-world scenarios and historical examples, students will gain insights into the practical applications of international finance theories. This course will also emphasize the importance of critical thinking and analytical skills, preparing students to contribute thoughtfully to debates on international economic policy and to pursue advanced research in the field.

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

- **Understand and Analyze Exchange Rate Theories:** Critically evaluate different models of exchange rate determination, including the purchasing power parity, interest rate parity, and the monetary and portfolio balance approaches.

- **Examine the Impossible Trinity:** Understand the concept of the impossible trinity (trilemma) and its implications for monetary policy, exchange rate stability, and capital mobility.
- **Compare Neoliberalism and Interventionist Approaches:** Analyze the principles of neoliberal economic policies versus interventionist discretion, particularly in the context of exchange rate management in Iran.
- **Apply Theoretical Knowledge to Real-World Scenarios:** Utilize theoretical frameworks to assess and interpret current international financial issues and policy decisions.
- **Engage in Critical Discussions:** Participate in informed debates on the effectiveness of different exchange rate regimes and policy approaches, drawing on historical and contemporary examples.
- **Develop Research and Analytical Skills:** Conduct independent research on international finance topics, culminating in well-argued essays and presentations.

1. Prerequisites

To ensure that students are adequately prepared for the advanced topics covered in this course, the following prerequisites are required:

- **Intermediate Macroeconomics:** A thorough grasp of macroeconomic concepts such as national income accounting, aggregate demand and supply, monetary and fiscal policy, and economic growth is essential. This knowledge will enable students to comprehend the macroeconomic environment in which international financial markets operate and the policy decisions that influence them.
- **Intermediate International Economics:** Students should have a solid understanding of the fundamental principles of international trade and finance, including trade theories, balance of payments, and the impact of trade policies on economic welfare. This background will provide the necessary foundation for exploring more complex international financial issues.

These prerequisites are designed to ensure that students have the essential theoretical and analytical skills needed to succeed in the Advanced International Finance course. Students who have not completed these courses may need to seek approval from the instructor before enrolling.

2. Professor:

- [Nasser Elahi](#) facilitates a dynamic and engaging learning environment where students can explore and understand the complexities of international finance.

3. Textbook:

- **Main Textbook**
 - **International Finance and Open-Economy (second edition)** by Giancarlo Gandolfo
- **Complimentary Textbooks:**
 - **International Finance: Theory and Policy** by Steve Suranovic
 - **Advanced Financial Management (AFM) Study Text** by Emile Woolf
 - **International Economics: Theory and Policy** by Paul R. Krugman, Maurice Obstfeld, and Marc J. Melitz

4. Student Requirements

- **Attendance and Participation in Debates:** Active participation in class debates is essential. Students should come prepared to discuss assigned readings and case studies, and engage thoughtfully with their peers' viewpoints. (2 out 20)
- **Seminars on Global Financial or Currency Crises:** Each student will be required to research and present a seminar on a specific global financial or currency crisis. This will involve: (6 out 20)
 - **Research:** Conducting in-depth research on the chosen crisis, including its causes, impacts, and policy responses.
 - **Presentation:** Delivering a 15-20 minute presentation to the class, followed by a Q&A session.
 - **Report:** Submitting a written report summarizing the research findings and analysis.
- **Midterm Exam:** The midterm exam will assess students' understanding of the concepts covered in the first half of the course. It will include a mix of multiple-choice questions, short answers, and essay questions.(5 out 20)
- **Final Exam:** The final exam will be comprehensive, covering all topics discussed throughout the course. It will test students' ability to apply theoretical knowledge to practical scenarios. (7 out 20)

5. Schedule:

- **Week 1: Introduction to International Finance**
 - Overview of international finance and open-economy macroeconomics
 - Key concepts and the structure of the course
- **Week 2: Globalization and International Financial Markets**
 - The impact of globalization on financial markets

- Characteristics and functions of international financial markets
- **Week 3: Balance of Payments**
 - Components and significance of the balance of payments
 - Accounting principles and implications for economic policy
- **Week 4: Exchange Rate Determination: Theories and Models**
 - Purchasing Power Parity (PPP)
 - Interest Rate Parity (IRP)
 - Monetary and Portfolio Balance approaches
- **Week 5: Exchange Rate Systems and Policies**
 - Fixed vs. floating exchange rates
 - Managed float and hybrid systems
 - Case studies of different countries
- **Week 6: The Impossible Trinity (Trilemma)**
 - Concept and implications for monetary policy
 - Historical and contemporary examples
- **Week 7: International Capital Flows**
 - Types and determinants of capital flows
 - Benefits and risks associated with capital mobility
- **Week 8: Foreign Exchange Market Interventions**
 - Mechanisms and objectives of central bank interventions
 - Effectiveness and consequences
- **Week 9: Currency Crises: Causes and Consequences**
 - Theories and models of currency crises
 - Historical case studies (e.g., Asian Financial Crisis, Argentine Crisis)
- **Week 10: Global Financial Crises**
 - Overview of major global financial crises
 - Causes, impacts, and policy responses
- **Week 11: Neoliberalism vs. Interventionist Approaches**
 - Principles of neoliberal economic policies
 - Interventionist discretion in exchange rate management
 - Comparative analysis with a focus on Iran
- **Week 12: International Monetary Systems**
 - Evolution of international monetary systems
 - Bretton Woods, Gold Standard, and contemporary systems
- **Week 13: International Financial Institutions**
 - Roles and functions of the IMF, World Bank, and other institutions
 - Critiques and reforms
- **Week 14: Exchange Rate Risk and Hedging**
 - Types of exchange rate risk
 - Hedging strategies and financial instruments
- **Week 15: Student Seminars on Global Financial or Currency Crises**
- **Week 16: Student Seminars on Global Financial or Currency Crises**

6. Communication with Students

All communication with graduate students will be conducted via email. Please use the following email address for all course-related inquiries:

elahi.mofid@gmail.com.

When sending an email, ensure that the subject line includes **INTFIN031** to help me identify and prioritize your message. I am committed to responding to your emails within one week.

Additionally, my office hours are for one-on-one counseling with graduate students on **Sundays from 1:00 pm to 2:30 pm**.