

**York University**  
**Department of Economics**  
**Faculty of Liberal Arts and Professional Studies**  
**AP/ECON4200 A 3.0 – Topics in International Monetary Economics**  
**Summer 2021 (Online)**

**Instructor:** George J. Georgopoulos

**Office:** Vari Hall, room 1080

**Phone:** (416) 736 2100 x30108

**Email:** georgop@yorku.ca

**Hybrid (nonsynchronous and Synchronous): Monday and Wednesdays, 10am-11:30am Synchronous**

**This will be a hybrid type (non-synchronized and synchronized) online class. The format of the online lectures will be as follows.** I will be posting an audio lecture of the material (which includes the power point slides posted) ahead of the scheduled “class time” on the Moodle course webpage (non-synchronized). It is expected that you will review the audio lecture before the scheduled “class time”, or earlier. I will then be contacting all of you live through Zoom during the scheduled Monday and Wednesday 10-11:30am time (second half of the class) to go over some of the concepts in the audio chapter, to talk about new posted topics related to news on the economy, and to take your questions. These synchronized lectures will be recorded and posted online on the Moodle course website.

**Office hours:** By appointment through Zoom

**Course Website:** <https://moodle.yorku.ca>

### **Structure and Objectives of the Course**

The aim of this course is to examine advanced topics of international monetary economics and to see how it is applied. Specific topics to be discussed are:

- i) Informational efficiency of capital markets.
- ii) Theoretical and empirical issues concerning the relevance of multinational corporate capital structure and finance.
- iii) Asymmetric Information.
- iv) The international financial system, international finance, and systemic risks.

### **Textbook and Other Materials**

The lectures will rely on posted lecture slides on Moodle and journal articles. Most of the articles are available from e-resources at the York University.

You may also want to review material “Fundamentals of Multinational Finance” by Moffett, Stonehill, and Eitman (MSE). Some of the topics relate to this textbook.

## **Evaluation**

Mid-term	Mat 31, 9:30am-11:30am	50 %
Final Exam	T.B.A.	50 %

### **Missed Midterm, Course Withdrawal**

Students may miss an assignment or midterm test due to illness, domestic affliction, or in the case of part time students, work commitments, without academic penalty providing the appropriate documentation is received and approved in a timely manner. There will be no makeup for the midterm. Appropriate documentation is required if you miss the midterm, where the weight will then be allocated to the final exam.

Course withdrawal information is in this link,

<http://secretariat-policies.info.yorku.ca/policies/withdrawn-from-course-w-policy-and-guidelines/>

## **Course Topics**

### **Introduction: Financial Markets, Corporate Finance, and Globalization**

S. Grossman and J. Stiglitz, "Information and Competitive Price Systems," American Economic Review, May 1976.

Colin Mayer, "Financial Systems, Corporate Finance, and Economic Development", in *Asymmetric Information, Corporate Finance, and Investment*, ed. Glenn Hubbard (Chicago: University of Chicago Press, 1990, pp. 307-332.

### **Intertemporal Choice and the Investment Decision: Fisher Separation Theorem**

T. Copland, F. Weston, and K. Shastri, "Financial Theory and Corporate Finance", Pearson Addison Wesley. 2005

### **Capital Management and Financing; Debt Policy, The Miller-Modigliani Propositions and IPOs**

M. Miller, "The Modigliani-Miller Propositions After Thirty Years," Journal of Economic Perspectives, Fall 1998.

J. Stiglitz, "Why Financial Structure Matters," Journal of Economic Perspectives, 2, 1988.

RWJR Text- Chapter 15, 16

### **International Capital Markets, Operating Exposure, and the Cost and Availability of Capital**

MSE, chapter 11, 12

Bodnar, Gordon, "Exchange Rate Exposure and Market Value", in *Mastering Risk: The Complete Finance Companion*, London: Pitmen Press for The Financial Times, 1998, pp.331-319

### **Multinational Tax Management**

MSE, chapter 14

Aivazian and S. Turnbull, " Taxation and Capital Structure: A Selected Review," in the Impact of Taxation on Business Activity, 1987, J. Mintz and D. Purvis(editors), The John Deutsch Institute, Queens University Booth, "The Capital Asset Pricing Model: Equity Risk Premiums and the Privately Held Business," Journal of Business Valuation, 1999.

M. Miller, "Debt and Taxes," Journal of Finance, 1977

## **Foreign Direct Investment and Political Risk**

MSE, chapter 15

La Porta, Lopez-de-Silanes, Shleifer, and Vishny, "Law and Finance," Journal of Political Economy, December 1998.

F. Modigliani and E Perotti, "The Rules of the Game and the Development of Security Markets," Pacific-Basin Capital markets Research, volume II, S. Rhee and R. Chang (eds.), 1991, North Holland.

V. Aivazian, "Microeconomic Elements of Financial Liberalization: Perspectives From Finance Theory," in J. Fanelli and R. Medhora, eds., Financial Reform in Developing Countries, London, MacMillan, 1998.

## **Consumption, Financial Crises, and Social Security (Lecture Notes)**

### **Corporate Challenges and the Credit Crises of 2007-2009**

Reinhart, V., "A Year of Living Dangerously: The Management of the Financial Crises in 2008", *Journal of Economics Perspectives*, Winter 2011, Vol. 25, No.1.

Mishkin, F., "Over the Cliff: From Subprime to the Global Financial Crisis", *Journal of Economics Perspectives*, Winter 2011, Vol. 25, No.1.

Rajan, R.G., "Has Financial Development Made the World Riskier?", *The Greenspan Era: Lessons for the Future*, pp. 313-69. Kansas City: Federal Reserve Bank of Kansas City, 2005

### **Sovereign Debt and Financial Markets**

Lane, P.R. (2012), "The European Sovereign Debt Crisis", *The Journal of Economic Perspectives*, Summer, pp49-68

### **Sourcing Debt and Equity Locally and Globally**

MSE, chapter 13

R. Rajan and L. Zingales, "What do we know about capital structure? Some Evidence from International Data," Journal of Finance, 1995.

L. Booth, V. Aivazian, A. Demircug Kunt, and V. Maksimovic "Capital Structure in Developing Countries", Journal of Finance, February 2001

### **Financial Crisis and Inequality**

(Lecture powerpoint slides)

### **Brexit**

(Lecture powerpoint slides)

## **Monetary Payments Systems and Financial Flows**

(Lecture powerpoint slides)

## **Sustainable Finance**

(Lecture powerpoint slides)

## **Important Dates**

	<b>Winter Term 2020 (W21)</b>
Last date to add a course <b>without permission</b> of instructor (also see Financial Deadlines)	May 14
Last date to add a course <b>with permission</b> of instructor (also see Financial Deadlines)	May 21
Last date to drop a course without receiving a grade (also see Financial Deadlines)	June 7
Course Withdrawal Period (withdraw from a course and receive a grade of “W” on transcript)	June 8 – June 21

## **Important Academic Forms**

[Religious Accommodation](#)

[Deferred Standing](#)

[Attending Physician’s Statement Form](#)

## **Important Information for Students**

All students are expected to familiarize themselves with the following information available on the [Senate Committee on Curriculum & Academic Standards webpage](#).

- York’s Academic Honesty Policy and Procedures is located on the [York University Senate webpage](#). As per Senate Policy, academic honesty and integrity is defined as conduct that violates the ethical or legal standards of the University community or of one’s program or specialization is subject to severe penalties. Students are responsible for understanding the nature and consequences of these offences, as contained in the Senate Policy on Academic Honesty. More information on academic integrity for students can be found on the [York Academic Integrity Website](#).
- Ethics Review Process for research involving human participants located using the [Senate Policy Research Involving Human Participants link](#)
- Course requirement accommodation for students with disabilities, including physical, medical, systemic, learning and psychiatric disabilities can be accessed using the

- [Academic Accommodation for Students with Disabilities link.](#)
- Information on student conduct standards can be reviewed on the [Code of Student Rights and Responsibilities webpage.](#)
- Students requiring religious accommodation should review the Religious Accommodations Guidelines using the [Religious Observance link.](#)