

York University
Department of Economics
Faculty of Liberal Arts and Professional Studies
AP/ECON4200 N 3.0 – Topics in International Monetary Economics
Winter 2023

Instructor: George J. Georgopoulos

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Scheduled In-Class time and Location: Thursdays, 11:30-2:30, HNE 035

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

This is an in-person course, with in-person lectures and in person midterm and final exam.

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 (in class)	February 16, 2023, class time	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http://secretariat-policies.info.yorku.ca/policies/withdrawn-from-course-w-policy-and-guidelines/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

	Winter 2023
Last date to add a course without permission of instructor (also see Financial Deadlines)	January 22
Last date to add a course with permission of instructor (also see Financial Deadlines)	February 6
Last date to drop a course without receiving a grade (also see Financial Deadlines)	March 17
Course Withdrawal Period (withdraw from a course and receive a grade of "W" on transcript)	March 18-April 10

For other important dates, visit <https://registrar.yorku.ca/enrol/dates/2022-2023/fall-winter>

Important Academic Forms

[Religious Accommodation](#)

Link to the Mach form for submitting a deferred exam request:

<https://www.yorku.ca/laps/econ/undergraduate-programs/academic-resources/departments/policies/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](#).