ADMINISTRATIVE INFORMATION:

Schedule: M/W 10-11:30  
Location: Weill 1220  
Instructor: Kathryn Dominguez  
Canvas site: https://umich.instructure.com/courses/112136  
Office Hours: sign-up online: http://goo.gl/Ku6WK (in Weill 3306)  
Email address: kathrynd@umich.edu  
Grading: Problem Sets: 15%; Participation: 15%; Book Review 15%, Mid-Term: 20%; Final Project: 35%

COURSE DESCRIPTION:
Global financial markets provide both opportunities and risks for macroeconomic policymakers. In this course we will explore the role of financial markets in economic development, the causes and consequences of financial crises, whether and how policies and institutions can be used to stabilize markets and help countries recover from crises, and what lessons we can learn from recent experiences which might help prevent future crises. There will be heavy emphasis on understanding and using data to study country experiences -- with examples drawn from developing and industrial economies.

COURSE PREREQUISITES:
PUBPOL 330 or 555 or Econ 401 (Intermediate Microeconomics) or PUBPOL 556 or Econ 402 (Intermediate Macroeconomics); or the equivalents.

COURSE REQUIREMENTS:

Assignments: There are three problem sets which will involve data collection and analysis as well as problem solving.

Midterm Exam: There will be an in-class (closed-book and closed-notes) Midterm exam. It will cover the first half of the course. I will distribute three questions the week before the Midterm; the Midterm will consist of one of these questions and one "new" question.

Book Review: a 2-3 page critical review of a book covering a financial crisis. Recommended books are listed on page 2 of this syllabus. The review should include: (1) description of the central message of the book and your assessment of its merit, (2) discussion of something important you learned from the book that you did not know before reading it, (3) discussion of something in the book that you disagree with (or think was inadequately explained/addressed).

Final Project: The final project will be an assessment of the causes and consequences of a financial crisis in a specific country; more detailed information on the project will be available on the course Canvas site. Students will present their project findings to the class in late November and early December.

Class Participation: Participation in class discussions is required; there will be weekly opportunities for students to lead class discussions of readings and assignments.
The Ford School website academic expectation page: http://fordschool.umich.edu/academics/expectations describes my expectations for academic integrity, accommodations for students with disabilities, information about mental health services, our inclusivity statement, expectations regarding class attendance and assignments, and Ford School norms for use of technology in the classroom and during office hours.

COURSE READINGS:
All required readings are available in pdf format on our course Canvas site.

In addition to the listed course readings students are urged to stay up-to-date with current events in global financial markets. Subscription forms for special student rates for home delivery of the WSJ, FT and Economist are available online at:
WSJ: https://buy.wsj.com/shopandbuy/order/subscribe.jsp?trackCode=aap1hybd
The London Financial Times: http://education.ft.com/how-to-subscribe/

There are a number of excellent blog sites that provide up-to-the minute macro and financial news and analysis, examples include:
http://delong.typepad.com/
http://gregmankiw.blogspot.com/
http://krugman.blogs.nytimes.com/
http://voxeu.org/
http://www.economonmonitor.com/
http://www.economist.com/blogs/freeexchange/
http://macroblog.typepad.com/macroblog/
http://www.econbrowser.com/
http://macromarketmusings.blogspot.com/
http://www.forexblog.org/category/central-banks


RECOMMENDED BOOKS (for the book review assignment):


### PUBPOL475/750 day-to-day schedule

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<td>The Euro Crisis</td>
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<td>Short &amp; Long-Run Effects of Financial Crisis</td>
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*Note: University of Michigan’s Center on Finance, Law & Policy will host a conference, “Big Data: Improving the Scope, Quality, and Accessibility of Financial Data” on October 26-27. The conference is free and open to the public, but space is limited and you must register in advance at: [http://financelawpolicy.umich.edu/big-data-conference/](http://financelawpolicy.umich.edu/big-data-conference/)*
Readings (available on our Canvas site); * denotes reading is required.

Class 1: Introduction

Class 2: Overview of Financial Markets


“The Slumps that Shaped Modern Finance,” The Economist, April 12, 2014
historical-crises-show-how-aspects-today-s-fina
“What’s Wrong with Finance,” The Economist, May 1, 2015

Class 3: Financial Institutions


“Making Banks Safe: Calling to Accounts,” The Economist, Oct 5, 2013

Class 4: The Macro-economy and Finance


Class 5: Banks and Monetary Policy


“Monetary Policy after the Crash: Controlling Interest,” The Economist, Sept 21, 2013


Class 6: Arbitrage and Parity Conditions


“Why Nominal Interest Rate Differentials are Important to Currency Markets” The Economist, Aug 10, 2013.


Big Mac Index Interactive Currency Comparison Tool: http://www.economist.com/content/big-mac-index

Class 7: The Role of Exchange Rates

*Cavallo, Michele, “To Float or Not To Float?” FRBSF Economic Letter, 2005-01, January 7, 2005.


“Russia’s Ruble Crisis: Going over the Edge,” The Economist, Dec 20, 2014
“Global Monetary Disorder: Thrills and Spills,” The Economist, Oct 3, 2015
“Fight or Flight: China’s Exchange Rate Options,” The Economist, Jan 16, 2016

Class 8: International Monetary History


Class 9: The Euro Experiment


Class 10: The Euro Crisis


Class 11: Grexit and Brexit

TBA
Class 14: Financial Crises


Class 15: The 2008 Crisis


Class 16: Guest Lecture: Andreas Fisher (Swiss National Bank)

Class 17: Panic and Contagion


Class 18: Panic Prevention


Class 19: Short and Long-Run Effects of Financial Crisis


Class 20: Rescuing the Financial Sector


Class 21: Financial Regulation


FRBSF: Regulatory Reform: http://sffed-education.org/econanswers/reform_q1more.htm

FRBSF: Regulation of Firms Deemed “Too Big to Fail”: http://sffed-education.org/econanswers/reform_q2more.htm


Class 22: The Macroprudential Approach


Class 23: Finance and Economic Growth
