2 August 2018

International Finance and Markets Econ4415/5502
Semester 2 2018

PAPERS TO BE PRESENTED AND READING

· PRESENTATION OF PAPERS AND THE REPORT

Requirements

- Papers available for presentation are indicated by § in the Reading List given in the next section.

- Each student is to provide:

  (i) A written report on the assigned paper of no more than 2,000 words on the assigned paper. This report is due on the day of the last lecture, viz., Thursday 25 October.

  (ii) A presentation to the class of 20-30 minutes.

  (iii) A handout for all students, to be distributed at the beginning of the presentation. This should be no longer than one A4 page – use both sides of the page and reduce the material to fit up to four pages on one piece of paper if needed. Include on the handout details of the paper being presented, the date of the presentation and your name.

- This item is worth a total of 20 percent of the overall assessment for the unit. The written report will be graded out of 10 and presentation and summary handout out of 10.

- Who is to present what and when are to be decided in the first couple of weeks of the semester.

- On the cover page of the report, include the following information: International Finance and Markets 4415/5502, details of the paper being discussed, and your full name and student number.

- Prior to your presentation, you are welcome to consult with me on Wednesdays 2 – 5pm, to clarify matters. It is helpful if you bring with you your draft PowerPoint slides.

- Following your presentation, email me (ken.clements@uwa.edu.au) your slides and the handout. These will be uploaded to LMS.

The Nature of the Presentation and the Report

- In broad terms, the written report and presentation should include a statement of the problem, a summary of the paper and its strengths and weaknesses.

- The report should be written according to usual academic standards. All ideas and material from other sources should be acknowledged and source material should be referenced fully. To indicate that this approach has been followed, include the following certification on the title page:

  Unless otherwise acknowledged, this report represents my original work.

  Signature of Student (Name of Student).

- Give the word count on the title page.

- Write clearly.

Advice on Presenting

- When using PowerPoint slides, be aware that some people have difficulty reading them. Certain combinations of colours can also present a problem for some people. Use an appealing layout and do not include too much material on each slide. Use large font. As graphs and figures are difficult to display professionally on slides, you need to be extra careful with these to ensure that your audience can understand them. Under no circumstances should slides contain tables of a large number of figures taken directly from a published document – they simply don't "work" at conveying information in a clear and crisp manner.

- Do not read your notes. It is much more effective to talk to them.

- Speak clearly.

- Practice your presentation several times before the real thing. Try tape-recording your practice sessions to see how you sound. Try video recording to see how you look.

- To avoid wasting time on the day (and additional stress to you), check the computer and projector in the case study room before the presentation.

- Take the presentation seriously, but do not get overly anxious.

For further advice on presenting, see D. Lindsay A Guide to Scientific Writing. Second edition. Melbourne: Longman, 1995, pp. 85-91.

II. READING LIST

For some topics, this reading list is extensive and not everything has to be read. I will give detailed guidance to the reading in lectures. Copies of articles marked with an asterisk (*) are available in the book Readings in International Finance and Markets. A § indicates the paper is available for presentation.

1. PURCHASING POWER PARITY

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Cassel, G. (1918). "Abnormal Deviations in International Exchanges." Economic Journal 28: 413-15.

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* Clements, K. W. (1981). "The Monetary Approach to Exchange Rate Determination: A Geometric Analysis." Weltwirtschaftliches Archiv 117: 20-29.

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* __________, Y. Lan and S. P. Seah (2012). "The Big Mac Index Two Decades On: An Evaluation of Burgernomics." International Journal of Finance and Economics 17: 31-60. Reproduced in Currencies, Commodities and Consumption. Cambridge: Cambridge University Press, 2013. Pp. 13-125.

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Crucini, M. and M. Shintani (2008). "Persistence in Law-of-One-Price Derivations: Evidence from Micro-data." Journal of Monetary Economics 55: 629–44.

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____________ (1981a). "The Collapse of Purchasing Power Parities during the 1970's." European Economic Review 16: 145-65.

____________ (1981b). "Flexible Exchange Rates, Prices and the Role of News: Lessons from the 1970's." Journal of Political Economy 89: 665-705.

* Froot, K. A. and K. Rogoff (1995). "Perspectives on PPP and Long-Run Real Exchange Rates." In G. Grossman and K. Rogoff (eds) Handbook of International Economics. Volume 3. Amsterdam: North-Holland. Pp. 1647-88.

Haberler, G. (1936). The Theory of International Trade. London: William Hodge.

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Ong, L. L. (1997). "Burgernomics: the Economics of the Big Mac Standard." Journal of International Money and Finance 16: 865-78.

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Ricardo, D. (1821). "Principles of Political Economy and Taxation." In E. C. Connor, ed. (G. Bell and Sons, London) 1911.

* § Rogoff, K. (1996). "The Purchasing Power Parity Puzzle." Journal of Economic Literature 34: 647-68.

Samuelson, P. A. (1964). "Theoretical Notes on Trade Problems." Review of Economics and Statistics 46: 145-54.

Sarno, L., and E. Passari (2012). "Purchasing Power Parity in Tradable Goods." In J. James, I. W. Marsh and L. Sarno (eds). Handbook of Exchange Rates. Hoboken, NJ: Wiley. Pp. 189-220.

________ and M. P. Taylor (2002a). The Economics of Exchange Rates. Cambridge: Cambridge University Press. Chapter 3 "Purchasing Power Parity and the Real Exchange Rate".

Sjaastad, L. A. (1998). "On Exchange Rates, Nominal and Real." Journal of International Money and Finance 17: 407-39.

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* The Economist (2018). "The Mac Strikes Back." January 20.

2. EXCHANGE RATES AND PRODUCTIVITY

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* Clements, K. W., and Y. Lan (2007). "Exchange Rates, Productivity, Poverty and Inequality." Applied Economics 39: 471-76.

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3. REAL EXCHANGE RATES

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§ ________ and J. H. Rogers (1996). "How Wide is the Border?" American Economic Review 86: 1112-25.

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Helliwell, J. F. (1998). How Much Do National Borders Matter? Washington, D.C.: Brookings. Chapter 4 "Prices and Capital Market Linkages."

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Sjaastad, L. A., and M. Manzur (2003). "Import Protection, Capital Flows and Real Exchange Rate Dynamics." Journal of Applied Economics 6: 177 – 203.

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4. EQUILIBRIUM EXCHANGE RATES

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Edwards, S. (1989). "Exchange Rate Misalignment in Developing Countries." World Bank Research Observer 4: 3-21.

Hinkle, L. E., and P. J. Montiel, eds, (1999). Exchange Rate Misalignment: Concepts and Measurement for Developing Countries. New York: World Bank.

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5. ALTERNATIVE APPROACHES TO EXCHANGE RATES

Cenedese, G., and T. Stolper (2012). "Currency Fair Value Models." In J. James, I. W. Marsh and L. Sarno (eds) Handbook of Exchange Rates. Hoboken, NJ: Hoboken, N. J.: Wiley. Pp. 313-42.

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* § Krugman, P. (1993). “Recent Thinking about Exchange Rate Determination and Policy.” In A. Blundell-Wignall (ed), The Exchange Rate, International Trade and The Balance of Payments. Sydney: Reserve Bank of Australia. Pp 6-21.

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6. EXCHANGE RATES AND COMMODITY PRICES

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7. GOLD AND OTHER COMMODITY STANDARDS

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8. COMMODITY CURRENCIES

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9. INTERNATIONAL LINKAGES OF CAPITAL MARKETS

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