

**University of Minnesota-Twin Cities**  
**Department of Economics**  
**ECON 4432W, International Finance**  
**SPRING 2022**

**Instructor:** Braulio Britos  
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Office Hours: TBD  
Office Hours' Zoom ID: TBD  
Course Credits: 3 credits

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**Course Meeting time and days:** MW 8:15-9:30 am  
**Location:** Blegen Hall 317  
**Course Website:** <https://canvas.umn.edu/courses/286493>

## **COURSE DESCRIPTION AND OBJECTIVES**

This course will cover basic concepts, tools, and facts needed to understand the functioning of the global economy and international financial markets. We develop a theoretical framework for the analysis of the determinants of current account deficits, international capital movements, and real as well as nominal exchange rates. We also examine the relationship between interest rates and exchange rates and discuss various measures of global capital market integration. This framework is then used to discuss relevant policy issues such as the emergence of the U.S. as a foreign debtor, the developing country external debt crises, and balance-of-payment crises.

This is a writing intensive course; you have to write a research paper that studies a topic in international finance. The course grade is directly tied to the quality of your writing, as well as to your knowledge of the subject matter, so that you cannot pass the course without meeting the minimal standards of writing competence. Therefore, one of the main objectives in this course is to give you the necessary background to be able to finish this task.

## **COURSE PREREQUISITES:**

ECON 3101 and 3102 are required and the material of this class will build directly on these courses. Knowledge of calculus is necessary. You must have the prerequisites completed successfully before taking this course.

## **TEXTBOOK AND READINGS:**

### Primary reference (Feenstra):

Feenstra, R. C. and Taylor, A. M. *International Macroeconomics* 4th Edition, New York: Worth MacMillan, 2017.

### Secondary reference:

Stephanie Schmitt-Grohé, Martin Uribe and Michael Woodford, *International Macroeconomics* (pdf available online on author's webpage)

## **ADDITIONAL READINGS:**

Mandatory and other complementary readings will be uploaded on the course website.

## **COURSE OUTLINE**

This course outline should give you a general idea of the topics covered. I will add details along the semester and keep a detailed and updated course schedule on Canvas.

- Exchange Rates and the Foreign Exchange Market (Feenstra Chapters 1 and 2)
- The Monetary Approach to Exchange Rates (Feenstra Chapter 3)
- The Asset Approach to Exchange Rates (Feenstra Chapter 4)
- National Income Accounting and the Balance of Payments (Feenstra Chapter 5)
- Financial Globalization (Feenstra Chapter 6)
- Macroeconomic Policies and the Balance of Payments (Feenstra Chapter 7)
- Exchange Rate Regimes (Feenstra Chapter 8)
- Currency and Debt Crises (Feenstra Chapter 9)
- The Euro and other Challenges (Feenstra Chapter 10)

## **COMMUNICATION BETWEEN STUDENTS AND INSTRUCTOR:**

All the information related to this course can be found on Canvas. I recommend that students check the Canvas page at least twice a week to keep up with course updates. I will post problem sets, any study material, announcements and updates on Canvas. In addition, I can always be reached on the university email id (see above).

I usually respond to all emails within 24 hours but please remember to put ECON4432W on the subject line. This helps me get back to you quickly and efficiently. I will try to have grades for homework assignments posted in Canvas within one week.

## **APPROPRIATE CONDUCT**

Please treat each other and the instructor with respect and listen to their views. Respectful interactions are critical to successful professional conduct and this course is no exception. Please consider your tone and language, especially when communicating in text format, as the lack of other cues can lead to misinterpretation. Like other work in the course, all student-to-student communication is governed by the University's [Student Conduct Code](#).

## APPROPRIATE USE OF COURSE MATERIALS

Sharing course materials with anyone outside of the class is a violation of intellectual property per Item 6 of the [U of M policy on student responsibilities](#). Please do not share any course material with anyone else.

## INSTRUCTIONAL TIME AND STUDENT EFFORT:

For undergraduate courses, one credit is defined as equivalent to three hours of additional work per week for the course, in order for students to achieve an average grade. This implies that you should put in at least 9 additional hours per week on this course, along with attending class for 150 minutes per week.

## COURSE REQUIREMENTS AND GRADING

The final grade will be based on the writing assignment (30%), homework assignments (20%), a midterm exam (20%), and a final exam (30%).

## WRITING ASSIGNMENT

This class is designated as Writing Intensive (W). Writing Intensive courses, as understood by the Council on Liberal Education, are defined as courses at either the upper or lower division level in which the course grade is directly tied to the quality of the student's writing as well as to knowledge of the subject matter, so that students cannot pass the course who do not meet minimal standards of writing competence. **In this course, a significant amount of writing is required - minimally ten to twenty finished pages. The writing assignment includes revisions of drafts/proposals on which you receive feedback.**

You MUST receive at least a C- (70/100) on your Writing Intensive assignment in order to pass the course. This is a firm policy. Students taking the class on an S-N basis must receive at least a C- to receive an S.

The assignment will be executed in four parts, each built on the material in the previous assignment: topic, outline, first draft, and final paper. Each part will count towards your final writing assignment grade. Students must first enter their desired topic in this [spreadsheet](#), making sure no other student has chosen the same topic. Duplicate topics will NOT be accepted. Once you submit your desired topic, you must then contact the writing assistant to discuss whether your topic is related to International Finance and suitable for the purposes of this course. You should move forward on your writing assignment only AFTER the writing assistant has approved your topic.

Further instructions on each part of the writing assignment can be found in this [document](#). The due date (in parenthesis) for each part of the writing assignment and the corresponding percentage of your writing assignment grade are as follows:

Topic (02/09): 5%  
Outline (03/02): 15%  
First draft (03/30): 30%  
Final paper (05/01): 50%

## **HOMEWORK ASSIGNMENTS**

There will be a total of four homework assignments. All homework assignments will be uploaded on Canvas. Homework assignments can be done in groups of up to four students. Only one problem set needs to upload on Canvas if working in a group; just make sure you write down the name of all group members on your homework.

All homework assignments must be turned in on Canvas by 11:59pm (CST) of the appropriate due date. Late assignments will NOT be accepted.

## **EXAMS**

There will be one midterm exam and one final exam. The final exam is cumulative. These are the dates for the exams:

- Midterm: March 2, 8:15-9:30am (in class)
- Final: May 7, 4-6pm Room: TBA

According to University policy, you may request a make-up only if you have:

- Documentation of a family or medical emergency,
- Another test scheduled at the same time, or
- Three exams within a 16-hour period.

If you have any of the last two complications, make sure you talk to me at least two weeks before the exam date. We will arrange a different date for your exam. Written justification for emergencies described in the first point must be provided to me to take the make-up exam. No other reasons are valid in order to have the right to take an exam on a date different from the ones above. Specifically, work is not a valid excuse, so please plan accordingly.

## **FEEDBACK ON HOMEWORK ASSIGNMENTS AND EXAMS:**

All homework assignments and exams will be graded online. If the instructor will go over correct answers in class, then there may be minimal comments along with the grades. Answer keys will be posted on Canvas.

## **GRADE DISPUTES:**

If you disagree with the grading of a problem set or a test, you may submit it for review. You must have a written argument for why you should be awarded more points. Also, you must submit these disputes by email within one week of the problem set or exam being returned, or the grade is final. I reserve my right to regrade the problem set or exam, and as a result, your grade may be raised or lowered.

## **COURSE GRADING POLICY**

The final grade for the course will be a weighted average calculated the following way:

Writing Assignment: 30%

Homework: 20%

Midterm: 20%

Final: 30%

## **DEPARTMENT GRADING SCALE:**

92%-100%	A
90%-91%	A-
88%-89%	B+
82%-87%	B
80%-81%	B-
78%-79%	C+
72%-77%	C
70%-71%	C-
68%-69%	D+
60%-67%	D
0-59%	F

**TENTATIVE COURSE SCHEDULE for SPRING 2022:**

Week	Topic	Activities Due (due date in parenthesis)
Week 1 (01/16-01/22)	The Global Macroeconomy (Feenstra Chapter 1)	
Week 2 (01/23-01/29)	Introduction to Exchange rates and the Foreign Exchange Rate Market (Feenstra Chapter 2)	
Week 3 (01/30-02/05)	Exchange Rates I: the Monetary Approach in the Long Run (Feenstra Chapter 3)	Homework 1 (02/02)
Week 4 (02/06-02/12)	Exchange Rates II: the Asset Approach in the Short Run (Feenstra Chapter 4)	WA: Topic (02/09)
Week 5 (02/13-02/19)	Exchange Rates II: the Asset Approach in the Short Run (Feenstra Chapter 4) and National and International Accounts (Feenstra Chapter 5)	
Week 6 (02/20-02/26)	National and International Accounts (Feenstra Chapter 5)	Homework 2 (02/23)
Week 7 (02/27-03/05)	Midterm review, Midterm	WA: Outline (03/02) Midterm (03/02)
Week 8 (03/06-03/12)	Spring Break	
Week 9 (03/13-03/19)	Balance of Payments I: The Gains from Financial Globalization (Feenstra Chapter 6)	
Week 10 (03/20-03/26)	Balance of Payments I (Feenstra Chapter 6) and Balance of Payments II: Output, Exchange Rates, and Macroeconomic Policies in the Short Run (Feenstra Chapter 7)	Homework 3 (03/28)
Week 11 (03/27-04/02)	Balance of Payments II (Feenstra Chapter 7), Fixed Versus Floating (Feenstra Chapter 8)	WA: First draft (03/30)
Week 12 (04/03-04/09)	Fixed Versus Floating (Feenstra Chapter 8)	
Week 13 (04/10-04/16)	Fixed Versus Floating (Feenstra Chapter 8), The Euro (Feenstra Chapter 10, section 1)	
Week 14 (04/17-04/23)	Exchange Rate Crises (Feenstra Chapter 9), The Euro (Feenstra Chapter 10)	Homework 4 (04/20)
Week 15 (04/24-04/30)	Exchange Rate Crises (Feenstra Chapter 9), Additional topics	
Week 16 (05/01-05/07)	Final exam review, Final exam	WA: Final draft (05/01) Final exam (05/07)

## Academic Services and Resources at UMN

Below are several student services available to students:

- [Academic Advising Center](#)
- [Disability Student Services](#)
- [Career Services](#)
- [Counseling Center](#)
- [Financial Aid Office](#)
- [Student Writing Support](#)
- <https://libguides.umn.edu/economics> for the U libraries' section for Economics

The University of Minnesota [Academic Support and Tutoring website](#) and [Student Academic Support Services](#) offer a range of excellent support services. Please contact the [Center for Writing](#), or the [Libraries](#) for assistance with research and writing skills.

### FERPA and STUDENT PRIVACY

In this class, our use of technology will make student names and emails visible within the course website, but only to other students in the same class. The University uses a secure, password-protected course website; however, if you have concerns, you can adjust settings in your online course profile to hide your email. If you are required to use any tool external to Canvas for learning activities or assignment completion, a link or description of privacy policies will be included in the directions provided in the course site.

## **DEPARTMENT OF ECONOMICS -- PROCEDURES AND POLICIES 2021**

### **UNIVERSITY OF MINNESOTA POLICY ON THE COVID-19 VACCINE AND FACE COVERINGS:**

The University of Minnesota is adding the COVID-19 vaccine to the list of vaccines required for all enrolled University of Minnesota students. **All students systemwide will receive an email with instructions on how to confirm your vaccination status.** Please watch for the email and then quickly complete the form.

**Faculty and staff** will receive an email with instructions to confirm their vaccination status.

### **COVID-19, FACE-COVERINGS, SYMPTOMS, AND VACCINATION:**

**The University of Minnesota currently requires all students, staff, and faculty to wear masks when indoors regardless of vaccination status. This includes classrooms, atriums, offices, and all University indoor spaces.**

Please stay at home if you experience symptoms of COVID-19 and consult with your healthcare provider about an appropriate course of action. An absence due to symptoms of COVID-19 is an excused absence, and instructors will work with you to find the best course of action for missed work and/or class experiences.

### **CLASS ASSIGNMENTS:**

Written answers to homework assignments must be typed; Graphs and numerical work need not be typed, but should be legible.

### **COURSE PREREQUISITES:**

Students are expected to have successfully completed all prerequisites prior to taking an Economics course.

### **STUDENTS WITH DISABILITIES:**

Reasonable accommodations will be provided for all students with documented disabilities (by the DRC). Contact the instructor at the beginning of the semester to work out details. This information will be kept confidential.

### **STUDENT MENTAL HEALTH AND STUDENT COUNSELING SERVICES:**

As a student you may experience a range of issues that can cause barriers to learning, such as strained relationships, increased anxiety, alcohol/drug problems, difficulty concentrating and/or lack of motivation. These mental health concerns or stressful events may lead to diminished academic performance or reduce a student's ability to participate in daily activities. University of Minnesota services are available to assist you with addressing these and other concerns. Information about



confidential mental health services is available at: <https://boynton.umn.edu/clinics/mental-health>. Student Counseling Services website: <https://counseling.umn.edu/>

## **SEXUAL MISCONDUCT**

Sexual misconduct (sexual harassment, sexual assault, stalking, and relationship violence) includes unwelcome sexual advances, requests for sexual favors, and/or other verbal or physical conduct of a sexual nature. Such behavior is prohibited in the University setting.

Per the [U of M policy on sexual harassment](#), *I am required to share information that I learn about possible sexual misconduct* with the campus Title IX office. Within the requirements of my job, I will be as responsive as possible to your requests for confidentiality and support. You can also, or alternately, choose to talk with a confidential resource that will not share information that they learn about sexual misconduct. Confidential resources include [The Aurora Center](#), [Boynton Mental Health](#), and [Student Counseling Services](#).

## **DROPPING A CLASS:**

Termination of attendance alone is not sufficient to drop a class. You must notify the Registrar's office. Please contact your academic (college) adviser for details on this process and pay attention to University deadlines for add/drop.

## **INCOMPLETE GRADE:**

Low class standing is not a valid reason for an Incomplete grade. An I is given only in exceptional circumstances like family emergencies or hospitalization; arrangements must be worked out between the student and instructor before the final exam. We require written proof of emergencies. Details about I grades and how to make it up are to be decided by the Instructor and student; you need to fill out the form.

## **MAKE-UP EXAMS:**

Make up exams are possible for the final exam only if the student has another exam scheduled at the same time, or has three exams within a 16 hour period. This should be pre-arranged with the instructor at least three weeks before the final exam. Make up final exams may also be possible for documented medical emergencies.

## **SCHOLASTIC DISHONESTY:**

"The College of Liberal Arts defines scholastic dishonesty broadly as any act by a student that misrepresents the student's own academic work or that compromises the academic work of another. Examples include cheating on assignments or exams, plagiarizing (misrepresenting as one's own anything done by another), unauthorized collaboration on assignments or exams, or sabotaging another student's work".

The University Student Conduct Code defines scholastic dishonesty as “Submission of false records of academic achievement; cheating on assignments or examinations; plagiarizing; altering, forging, or misusing a University academic record; taking, acquiring, or using text materials without faculty permission; acting alone or in cooperation with another to falsify records or to obtain dishonestly grades, honors, awards, or professional endorsement.”

Penalties for scholastic dishonesty of any kind in any course will entail an "F" for the particular assignment/exam or the course.

Website for information on Student Academic Misconduct --

<https://communitystandards.umn.edu/avoid-violations/avoiding-scholastic-dishonesty>

### **STUDENT CONDUCT AND CLASSROOM BEHAVIOR:**

Students are expected to contribute to a calm, productive, and learning environment. Check the Student Conduct Code: [https://regents.umn.edu/sites/regents.umn.edu/files/2019-09/policy\\_student\\_conduct\\_code.pdf](https://regents.umn.edu/sites/regents.umn.edu/files/2019-09/policy_student_conduct_code.pdf) to find out what is expected of you.

### **STUDY ABROAD IN ECONOMICS:**

The Department encourages you to undertake Study Abroad. There are many courses in foreign countries that can satisfy some economics major, minor, or Liberal Education requirements. For more information, please contact our Undergraduate Advisers, Ms. Annie Bigley and Ms. Tiffany Kroeze Murphy, or the University’s Learning Abroad Center at <http://www.umabroad.umn.edu/>.

### **UNDERGRADUATE ADVISERS:**

Contact the Undergraduate Advisers if you wish to sign up for an Economics major or minor or to get information about institutions of higher study. Your APAS form will list your progress toward an Economics degree.

Adviser: Ms. Tiffany Kroeze Murphy and Ms. Annie Bigley (*econadv@umn.edu*); Sign up for appointments at [econ.appointments.umn.edu](http://econ.appointments.umn.edu)

### **ECONOMICS UNDERGRADUATE PROGRAM INFORMATION:**

Available on the Internet at: <https://cla.umn.edu/economics/undergraduate>. Registration policies are listed in the University Course Schedules and College Bulletins.

### **COMPLAINTS OR CONCERNS ABOUT COURSES:**

**All course grades are subject to department review.**

Please contact your instructor or TA if you have any complaints/concerns about the course. If your concerns are not resolved after talking with your instructor, you can contact: Professor Simran Sahi, Director of Undergraduate Studies. Her e-mail is: [ssahi@umn.edu](mailto:ssahi@umn.edu)