

# EC 480: International Finance

Youssef A. Benasser

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**Office hours** : M 10-11am / W 10-11am, and by appointment

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## Learning outcomes

International macroeconomics is a branch of economics that is dedicated to the study of economic interactions among interdependent economies. It seeks to further our understanding of how the global economy works. International macroeconomics can be subdivided into different areas of study. International trade studies flows of goods and services across countries, their structure and their economic impacts. International finance studies focuses on economy-wide variables such as exchange rates, interest rates, income, and the current account. It focuses on financial flows between countries, and the business cycle consequences of global connectedness. This course will focus on international finance.

At the end of this class you will be able to understand how international financial transactions and government policies affect exchange rates, interest rates, inflation, balance of payments, sovereign debt, income and wealth. Some of the questions you will be able to answer by the end of this course are:

- Why do exchange rate crises occur? Why are these crisis so economically and politically costly? What steps might be taken to prevent crises, and at what costs?
- How do different international economic transactions contribute to current account imbalances? How are these imbalances financed?
- Why are some countries in deficit and others in surplus? What role do current account imbalances have in a well-functioning economy?
- What is meant by a nation's external wealth? What explains the level of a nation's external wealth and how does it change over time?
- How do international financial flows relate to a country's present and future economic welfare?
- How do government policies and institutional structures determine a country's external position and why do different countries choose different policy regimes?

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## Organizational aspects

Below are a few organizational points that the shift to online classes entail.

- While we are operating under remote instruction, Canvas will be our main resource and method of communication. I will upload lecture slides to Canvas along with pre-recorded lectures. You may watch the lectures at any time that is convenient for you but I suggest that you watch them on the days that face-to-face class would be taking place. You are responsible for all of the material in the slides and recorded lectures.
- This class has an important computational component that is generally taught in discussion sections. Instead, you will have access to tutorial videos on the use of statistical programs (R). These weekly videos will be uploaded to Canvas every Thursday, and you should plan on watching, understanding, and replicating them.
- Office hours will be held remotely, using Zoom or Skype. A sign-up sheet will be made available and will be shared with the class. Sign up for an office hour at least 12 hours ahead of time.
- Assignments will be uploaded and exams will be administered through Canvas. The nature of the assignments is structured to reflect the online nature of the class.

Access to a computer is therefore essential. The first video tutorial will show you how to set up Skype/Zoom, and how to install R on your machines. If you will not have access to a computer please get in touch with me before the term begins.

Please keep in mind that all of these organization aspects are subject to change as we continue to adjust to the fast-moving reality. I will however strive to communicate any changes ahead of time, and work to minimize any extra time or labor cost to you as students. If any questions, doubts, or concerns occur to you, please feel free to write to me or schedule a virtual office hour.

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## **Learning tools**

### **Lectures**

We will meet on Zoom four times a week.

- Monday, Tuesday, and Wednesday sessions will be dedicated to lectures and introduction to class material
- Thursday sessions will take the form of a seminar meeting where we will discuss assigned readings

### **Assigned Readings**

Every week I will assign articles that cover current topics or research questions related to the week's content. These readings are mandatory and essential to anchor your understanding of class material through real life examples.

### **Lecture Slides & Lecture recordings**

I will post lecture slides ahead of every lecture. I will also be recording the Zoom meetings and sharing them on Canvas. Once published the slides and lecture videos will stay up throughout the term.

### **Textbook**

To guide the course, I am using Feenstra and Taylor's International Macroeconomics, 4th edition published by Macmillan Learning. I am committed to lowering access barriers, and therefore do not require you to spend money towards the book. You will not need to own the textbook to complete this course, and not having it will NOT put you at a disadvantage. If you would still like to purchase it, the textbook is available at the Duckstore.

### **Supplemental References**

Occasionally, I will publish a list of additional resources that relate to course material and that you can check out at your own leisure (movies, videos, additional readings, etc.)

### **Assignments**

No one likes busy work. Assignments are designed for you to put your knowledge to work and grapple with thought experiments and real-life problems. Each assignment allows you to measure your progress and take stock all that you have learnt.

Assignments will take different forms (see below). Not all assignments will be mandatory, and you will be able to choose how much extra-work you want to seek.

All assignments will be administered online. The assignments will be open book and open note. You will have a limited time in which to complete exams and quizzes.

## **Office Hours**

I will be holding office hours twice a week, on Tuesdays and Thursdays at 11am. You are all and one invited to stop by and discuss any questions, interests, concerns relating to the class and the term overall. If, due to some constraints, none of the hours work for you, you should feel free to email me and I will do my best to find a time for us to meet.

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## **Learning Assessments**

### **Quizzes [50% of course score]**

There will be 4 take home quizzes, one on every week. The schedule will be as follows:

1. Quiz 1: Published on Wednesday 6/23 @ 9am, due on Monday 6/28 @ Noon (12pm)
2. Quiz 2: Published on Wednesday 6/30 @ 9am, due on Tuesday 7/6 @ Noon (12pm)
3. Quiz 3: Published on Wednesday 7/7 @ 9am, due on Monday 7/12 @ Noon (12pm)
4. Quiz 4: Published on Wednesday 7/14 @ 9am, due on Friday 7/16 @ 5pm

### **Final Paper [30% of course score]**

This is your final project for the course. It will be due on Friday 7/16 at 11:59pm. No extensions will be granted.

For your final paper, you will need to complete a macroeconomic analysis of the external position of a country of your choice. This will allow you to put all of your learning into practice. The reader should be able, through your analysis, to understand the position of the country as well as what that position implies for its future growth trajectory. Refer to the rubric for further details.

### **Seminar Presentation [20% of course score]**

The assigned readings will be discussed during the Thursday seminar sessions. The discussion will be student-led. In groups of 2 or 3, you must prepare a short presentation of the reading (up to 10 minutes) and lead the discussion by offering some guiding questions. Each group will receive a score for their presentation and leading the discussion.

### **Participation [Up to +12% Extra-credit]**

I will monitor in-class, and particularly, seminar participation throughout the term, and will assign extra credit accordingly. Extra credit for participation can go up to 12% of total course score.

## Learning schedule

Week 1	<p><b>The Exchange Rate</b></p> <p>Monday 6/21: Course Introduction</p> <p>Tuesday 6/22: Introduction to the Exchange Rate (Chapter 2)</p> <p>Wednesday 6/23: Theory of Exchange Rates: The Long Run (Chapter 3)</p> <p>Thursday 6/24: Discussion: The International Economic System</p>
Week 2	<p><b>Globalization of Finance: Debts &amp; Deficits</b></p> <p>Monday 6/28: Theory of Exchange Rates: The Short Run (Chapter 4)</p> <p>Tuesday 6/29: National and International Accounts (Chapter 5)</p> <p>Wednesday 6/30: International market and consumption smoothing (Chapter 6)</p> <p>Thursday 7/1: Discussion: Exchange Rate Crises</p>
Week 3	<p>Monday 7/5: Off</p> <p>Tuesday 7/6: Gains From Financial Globalization (Chapter 6 cont'd)</p> <p>Wednesday 7/7: The IS-LM-FX Model of Open Economies (Chapter 7)</p> <p>Thursday 7/8: Discussion: Balance of payment crises</p>
Week 4	<p><b>Policies and Policy Regimes</b></p> <p>Monday 7/12: BoP and Macroeconomic Policies in the Short Run (Chapter 7, Cont'd)</p> <p>Tuesday 7/13: Exchange Rate Regimes (Chapter 8)</p> <p>Wednesday 7/14: Cont'd</p> <p>Thursday 7/15: Discussion: Currency Unions &amp; The Economic Role of Institutions</p>

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## **Learning Agreements**

### **Online communication etiquette**

Each week on Sunday night / Monday morning, I will be sending out an email with relevant information for that week including: class schedule, deadline reminders, and any additional information that may be relevant. It is essential that you receive and read the class emails carefully. Important: if you do not receive the emails, contact me ASAP. Also, please email me with any course questions you might have. Your emails should respect standard communication etiquette and maintain a respectful tone. Make sure to put "EC480" at the beginning of the email subject line. While I will strive to be as reactive as possible, I ask that you allow a minimum delay of 36 hours before sending a reminder.

### **Radical honesty**

Life happens. Even to the best of us. We have all, at one point or the other, hit the snooze button one too many times. This is your learning experience, and I trust you to make the best decisions for it to work best for you. If for any reason you are unable to meet an assignment deadline, or face difficulties meeting the course expectations, or your own, I encourage you to talk to me with transparency for us to find solutions together.

### **University policies**

Below are links and resources on university policies relevant to the class and to instructor-student relations. Please take the time to review these policies and get in touch with me if you have any remaining uncertainties.

Sexual violence and survivor support	<a href="https://safe.uoregon.edu">safe.uoregon.edu</a>
Diversity & inclusion	<a href="https://inclusion.uoregon.edu">inclusion.uoregon.edu</a>
Academic integrity	<a href="https://integrity.uoregon.edu">integrity.uoregon.edu</a>
Accessibility and special accommodations	<a href="https://aec.uoregon.edu">aec.uoregon.edu</a>

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## **Learning Online**

Due to continued Covid-19 risks, this class will be meeting online. The content was designed to be delivered online and remotely.

Online classes require more discipline by students than regular classes. To succeed in an online class, you must be extremely motivated and well organized.

I am sure you have developed your own approach to online learning at this point. However, if you require help planning for the course, I would be happy to discuss with you one-on-one.

In the context of the pandemic, I can only imagine how difficult it must be being an undergraduate student, and having a full course-load (and potentially workload) in these times. It is hard, it is challenging, and it is a testament to your tenacity and dedication that I respect and admire.

Your success in this course is important to me. If there is some way I can help improve or support your access to the course materials please let me know. Given the COVID-19 pandemic, it's also worth noting that many of us might be experiencing unusually high levels of mental, emotional, or physical stress. If we can commit to keeping an open line of communication, I will do my best to accommodate your needs as they fluctuate this quarter. The University of Oregon has a detailed page dedicated to overall COVID-19 information (<https://coronavirus.uoregon.edu>) and a specific page with information on mental health resources (<https://counseling.uoregon.edu>). I am also happy to help direct you to additional resources if you are not finding what you need at the links above.

## **Learning In Equity and Inclusion**

### **Zero Tolerance**

In this class no racist, sexist, homophobic, transphobic, islamophobic, xenophobic, ageist, ableist, anti-poor or other derogatory speech and behavior will be tolerated. If you experience or witness harassment, bias, or discrimination you may report (anonymously if desired) to the Bias Response team at <http://bias.uoregon.edu>Links to an external site.. You can also report such incidents to me.

### **Accomodations**

If you have a documented learning disability and anticipate needing accommodations in this course, please make arrangements with the Accessible Education Center and/or me during the first week of the term. The AEC is located in 164 @ Oregon Hall, and can also be reached via email here: [uoac@uoregon.edu](mailto:uoac@uoregon.edu).

For all other cases, I want you to know that I will always err on the side of flexibility and accommodation. I am always happy to work with each one on arrangements that best serve their learning needs. However, I will never give extensions once a deadline has passed, or is within 24 hours of passing. Accommodation needs should be discussed well in advance of due and exam dates.



## Title IX

Title IX prohibits sex discrimination including sexual misconduct, harassment, domestic and dating violence, sexual assault, and stalking. If you or someone you know has been harassed or assaulted you can receive confidential support and advocacy by calling 541-346-SAFE(7233), UO's 24-hour hotline or visiting <https://safe.uoregon.edu> Links to an external site..

As your instructor of record, I am what is called a student-directed reporter; this means that if you tell me about an instance of sex discrimination, you may choose whether or not you would like me to connect you with resources to help you. I am however required by law to report instances of child abuse and/or neglect.

## Parents and Care-giving Students

Currently, the university does not have a formal policy on children in the classroom. The policy described herein is a reflection of my own commitments to all students success.

Nursing babies are welcome in class as often as is necessary to support the nursing relationship. Older children and babies can also join their parents in class in cases where it is strictly necessary due to childcare difficulties.

I understand that unforeseen disruptions in childcare can and tending to children welfare can interfere with parent-student progress and attendance. Balancing school work and parenting duties can be challenging. I am willing to work with you to accommodate special needs that might arise. While I maintain the same high expectations for all students in my classes regardless of status, I am happy to problem solve with you in a way that makes you feel supported as you strive for school-parenting balance. For these conversations to work, I recommend they happen very early on in the term.

This policy also applies to students who care for older and dependent persons in their families.

## Learning on Stolen Land

The University of Oregon is located on Kalapuya Ilihi, the traditional indigenous homeland of the Kalapuya people. Following treaties between 1851 and 1855, Kalapuya people were dispossessed of their indigenous homeland by the United States government and forcibly removed to the Coast Reservation in Western Oregon. Today, descendants are citizens of the Confederated Tribes of Grand Ronde Community of Oregon, and the **Confederated Tribes of the Siletz Indians of Oregon**, and continue to make important contributions in their communities, at UO, and across the land we now refer to as Oregon.

Prior to contact with white explorers, traders, and missionaries, the Kalapuya population is believed to have numbered as many as 15,000 people. By 1849 Oregon territorial governor Joseph Lane reckoned the remaining Kalapuyan population at just 60 souls — with those survivors living in the most dire of conditions. Forcible removal, imported disease and colonial policies drove the demographic decline.

For those of us who are not indigenous to this territory it is imperative that we engage with the history and implications of your presence here as we embark on a new term at the University of Oregon. Below are questions to guide you through this process formulated by Native Land CA.

**What are some of the privileges settlers enjoy today because of colonialism? How can individuals develop relationships with peoples whose territory they are living on in the contemporary Oregonian and more broadly US geopolitical landscape? What are you doing beyond acknowledging the territory where we live and learn? What might you be doing that perpetuates settler colonial futurity rather than considering alternative ways forward for Oregon and the US? Do you have an understanding of the ongoing violence and the trauma that is part of the structure of colonialism?**

To engage more with these questions and the history that informs them, I encourage you to check out the following books:

- *When the Light of the World Was Subdued, Our Songs Came Through: A Norton Anthology of Native Nations Poetry*, edited by Joy Harjo
- *Custer Died for Your Sins: An Indian Manifesto*, by Vine Deloria, Jr.
- *When My Brother Was an Aztec*, by Natalie Diaz
- *When the Dead Sit Talking*, by Brandon Hobson
- *Crooked Hallelujah*, by Kelli Jo Ford
- *The Inconvenient Indian*, by Thomas King

The following two podcasts are also very educational.

- *All My Relations*, by Makita Wilbur & Adrienne Keene
- *Media Indigena*, by Rick Harp