

**ECON 1550 International Finance**

**Course Syllabus**

**Brown University, Department of Economics**

**Fall 2021**

**Instructor: Manuel Lancastre**

**Course Logistics:**

Lecture Times: Mondays, Wednesdays, and Fridays 10:00 – 10:50am

Lecture location\*: Friedman Hall 202

Section times and locations\*: (see below)

**i) Course Instructor: Manuel Lancastre**

Office hours: Mondays: 3-5pm, Wednesdays 3-4pm & Fridays 3-4pm

Office location: Robinson Hall, Office 210

Email: [manuel\\_lancastre@brown.edu](mailto:manuel_lancastre@brown.edu)

Zoom: <https://brown.zoom.us/j/7565762206>

Linkedin: <https://www.linkedin.com/in/manuel-lancastre-88987919/>

Website: <https://sites.google.com/view/manuellancastre>

**ii) Teaching Assistants:**

- **Aditi Singh** email and Zoom: [aditi\\_singh@brown.edu](mailto:aditi_singh@brown.edu) (Zoom: <https://brown.zoom.us/j/97485078025>)

Section time and location: Tuesdays 1-2pm, at 85 Waterman Room 130

Office hours and location: Friday 11am-12pm at 70 Waterman St lobby (and Zoom)

- **Kunj Padh** email and Zoom: [kunj\\_padh@brown.edu](mailto:kunj_padh@brown.edu) (Zoom: <https://brown.zoom.us/j/99993042286>)

Section time and location: Tuesdays 4-5pm, at Alumnae Hall 212

Office hours and location: Mondays 1h30-2h30pm at Robinson Hall Basement (and Zoom)

- **Lavanya Krishnan** email: [lavanya.krishnan@brown.edu](mailto:lavanya.krishnan@brown.edu) (Zoom: <https://brown.zoom.us/j/5140555696>)

Section time and location: Tuesdays 12-1pm at *List Art Building Room 210*

Office hours and location: Fridays 4-5pm at Robinson Hall Basement (and Zoom)

- **David Doan** email: [david.doan@brown.edu](mailto:david.doan@brown.edu) (Zoom: <https://brown.zoom.us/j/98116879885>)

Section time and location: Tuesdays 3-4pm, at *List Art Building Room 210*

Office hours and location: Mondays 3-4pm at Robinson Hall Basement (and Zoom)

**Sections** will meet a total of 10 times. Namely, the 8 weeks when the problem sets are due, and the 2 weeks **before** the midterms to go over past ones.

### iii) Course Description and Objectives:

The goal of this course is to acquaint students with the literature in International Finance in a manner that will allow them to understand current research and make their own contributions. We will study subjects like the balance of payments; identification and measurement of surpluses and deficits; international monetary standards; the role of gold and paper money; government policies; free versus fixed exchange rates; international capital movements; war and inflation; the International Monetary Fund. Hedging international risk with the use of financial derivatives. The class will be a fair balance between theory and empirical applications in the area of International Finance.

### iv) Course Organization and Time allocation

Over 13 weeks, students will spend 3 hours per week in class (39 hours), and 1 hour per week in discussion sections (13 hours). Homework, weekly reading, and midterm preparation will take approximately 9 hours per week (117 hours). In addition, there will be a 3 hours final exam for which approximately 10 hours of review is assumed. Total hours: 182.

### v) Course Materials

- **Textbook:** The text for this course is *International Finance: Theory & Policy*, Pearson, 10th Edition by *Krugman, Obstfeld, and Melitz*.
- **Power point slides:** used in the lecture, additional readings and problem sets will be available through Canvas: <https://canvas.brown.edu/> ahead of each class..

### vi) Class exams, Assessment, and Grading

Assessment is based on 8 problem sets, 2 midterm exams, one final exam, and class participation.

- **Problem Sets (25%):** Problem Sets must be legible, and turned in on time. Late problem sets will receive no credit unless a previously arranged extension is granted.
- **Exams:** Two midterm exams (**Midterm I: 20%, Midterm II: 20%**) and a **final (25%)** will be held. If you are excused from taking either midterm, the percentage value of each exam will be carried over to the final exam. Absence from an exam will be granted for family and medical emergencies, *if and only if* the request is accompanied by a letter from a Dean. No alternate arrangements will be made.
- **Class participation (10%):** Class participation during lectures and sections is optional but highly recommended and will benefit significantly the entire class. Class participation may only affect positively the final grade (the final grade will not be affected negatively by low participation).

#### vii) Rules, advice, and class etiquette

1. Lecture attendance is not compulsory. That said, do not interrupt class by leaving unless it is an emergency. And please silence cell phones during lecture time.
2. Although lecture attendance is not compulsory, slides are not a substitute for attendance, and you are responsible for all the material covered in lectures, whether it is on the slides or not.
3. If you disagree with the grading of an assignment/exam, you may request a review within 7 days after the assignment/exam. The request for re-grade **MUST** be done in writing, and must include a description of what the problem is and why you think the exam should be graded differently. In such cases, the whole exam may be re-graded – not just the question you identified.
4. **ALL EXAMS ARE CLOSED NOTES, CLOSED BOOKS.** Simple calculators are allowed.
5. By taking this course, you explicitly pledge that you will not cheat (or help others to cheat) in any way on the exams. Any violations will result in an NC, and a report will be sent to the Dean.

#### viii) Accessibility and Accommodations

- Brown University is committed to full inclusion of all students. Please inform me early in the term if you may require accommodations or modification of any of course procedures. You may speak with me after class, during office hours, or by appointment.
- If you need accommodations around online learning or in classroom accommodations, please be sure to reach out to Student Accessibility Services (SAS) for their assistance ([seas@brown.edu](mailto:seas@brown.edu), 401-863-9588). Students in need of short-term academic advice or support can contact one of the academic deans in the College.

**ix) Class Recording and Distribution of Materials:** Lectures and other course materials are copyrighted. Students are prohibited from reproducing, making copies, publicly displaying, selling, or otherwise distributing the recordings or transcripts of the materials. The only exception is that students with disabilities may have the right to record for their private use if that method is determined to be a reasonable accommodation by Student Accessibility Services. Disregard of the University's copyright policy and federal copyright law is a Student Code of Conduct violation.

#### x) Key Dates:

- Problem Sets are due on: 9/20 (PS 1); 9/27 (PS 2); 10/04 (PS 3); 10/18 (PS 4); 10/25 (PS 5); 11/01 (PS 6); 11/22 (PS 7); 12/04 (PS 8).

**A PDF copy of each problem set must be uploaded on CANVAS in its respective assignment folder until 11:59pm of the due date.**

After the deadline the solutions are posted online.

- Preparation for midterms during sections: 10/05 (Midterm I), 11/02 (Midterm II)
- Midterm I: Wednesday, October 6<sup>th</sup> 2021, during class time
- Midterm II: Wednesday, November 3<sup>rd</sup> 2021, during class time
- Final Exam: December 16<sup>th</sup> 2021, 9am-12pm - Check CAB@BROWN

### Tentative Course Outline

#### **I) Exchange Rates and Open-Economy Macroeconomics** (classes 1-21; Weeks 1-8):

Week 1- W.09/08:	Course Logistics & Syllabus exposition & Introduction	Ch 1
Week 1- F.09/10:	Introduction & National Income Accounting	Ch 1 & 2
Week 2- M.09/13:	National Income Accounting & the Balance of Payments	Ch 2
Week 2- W.09/15:	National Income Accounting & the Balance of Payments (cont.)	Ch 2
Week 2- F.09/17:	National Income Accounting (cont.) & Foreign Exchange Market	Ch 2 & 3
Week 3- M.09/20:	Exchange Rates and the Foreign Exchange Market (cont.)	Ch 3
Week 3- W.09/22:	Exchange Rates and the Foreign Exchange Market (cont.)	Ch 3
Week 3- F.09/24:	Foreign Exchange Market (cont.) & Money, Interest Rates	Ch 3 & 4
Week 4- M.09/27:	Money, Interest Rates, Exchange Rates (cont.)	Ch 4
Week 4- W.09/29:	Money, Interest Rates, Exchange Rates (cont.) & <b>Revision MT1</b>	Ch 4
Week 4- F.10/01:	Prices, Exchange Rate in the Long Run & <b>Review for Midterm I</b>	Ch 5
Week 5- M.10/04:	Prices, Exchange Rate in the Long Run & <b>Review for Midterm I</b>	Ch 5
<b>Week 5- W.10/06:</b>	<b>Midterm I (Chapters 1- 4)</b>	
Week 5- F.10/08:	Price Levels and the Exchange Rate in the Long Run (cont.)	Ch 5
<b>Week 6- M.10/11:</b>	<b>NO CLASS – Indigenous Peoples’ Day</b>	
Week 6- W.10/13:	Price Levels and the Exchange Rate in the Long Run (Revision)	Ch 5

Week 6- F.10/15:	Output and the Exchange Rate in the Short Run	Ch 6
Week 7- M.10/18:	Output and the Exchange Rate in the Short Run (cont.)	Ch 6
Week 7- W.10/20:	Output and the Exchange Rate in the Short Run (cont.)	Ch 6
Week 7- F.10/22:	Fixed Exchange Rates & Foreign Exchange Intervention	Ch 7
Week 8- M.10/25:	Fixed Exchange Rates & Foreign Exchange Intervention (cont.)	Ch 7
Week 8- W.10/27:	Fixed Exchange Rates & Foreign Exchange Intervention (cont.)	Ch 7
Week 8- F.10/29:	Fixed Exchange Rates & Foreign Exchange Intervention (cont.)	Ch 7

**Week 9- M.11/01: Review for Midterm II**

**Week 9- W.11/03: Midterm II (Chapters 5- 7)**

**II) International Macroeconomic Policy (classes 22-35; Weeks 9-14 ):**

Week 9- F.11/05:	International Monetary Systems: An Historical Overview	Ch 8
Week 10- M.11/08:	International Monetary Systems: An Historical Overview (cont.)	Ch 8
Week 10- W.11/10:	International Monetary Systems: An Historical Overview (cont.)	Ch 8
Week 10- F.12/12:	Financial Globalization: Opportunity and Crisis	Ch 9
Week 11- M.11/15:	Financial Globalization: Opportunity and Crisis (cont.)	Ch 9
Week 11- W.11/17:	Financial Globalization: Opportunity and Crisis (cont.)	Ch 9
Week 11- F.11/19:	European Union, EU Monetary System, the Euro and EU Policies	Ch 10
Week 12- M.11/22:	Theory of Optimum Currency Areas and the Euro	Ch 10
Week 12- W.11/24:	Are EU and US Optimum Currency Areas?	Ch 10
<b>Week 12- F.11/26:</b>	<b>NO CLASS – Thanksgiving</b>	
Week 13- M.11/29:	Developing Countries: Growth, Crisis, and Reform	Ch 11
Week 13- W.12/01:	Developing Countries: Growth, Crisis, and Reform (cont.)	Ch 11
Week 13- F.12/03:	Developing Countries: Growth, Crisis, and Reform (cont.)	Ch 11

**Week 14- M.12/06: Course wrap-up & Review for the Final Exam.**

12/08 to 12/12: Reading Period

**12/16, 9am-12pm: Final Exam (Check CAB@BROWN)**