

# **ECON 420 D01 International Money and Finance**

## **Fall 2023, Online**

### **Asynchronous**

**Instructor:** Dr. Zachary Kessler

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**Office Hours:** By appointment on Zoom

### **Course Description:**

The international nature of the macroeconomy has only continued to go grow in relevance in the past twenty years. From the financial contagion of the Great Recession to supply chain dynamics in the wake of the COVID-19 pandemic, the interrelated and often unequal impacts of these various aspects of the macroeconomy are critical to understanding our world today. To facilitate these operations, a different set of mechanisms require study from our traditional closed economic models. In this course we will review various aspects of international economics with specific attention on the monetary forces at play including exchange rates, financial systems, capital markets, interest rates, international monetary systems, supply chains, and trade flows.

Both principles courses (ECON 103 and 104) are required. The University's monetary course (ECON 310) is recommended but not required.

### **Required Texts:**

Feenstra and Taylor, International Macroeconomics 5<sup>th</sup> edition (4<sup>th</sup> also fine)

In addition, I will assign various articles and videos both academic and journalistic in nature. I will attempt to keep the number of these non-textbook items to a minimum for a given week, usually two but no more than four.

### **Grades:**

Weekly Quizzes 25%

Unit Exams 45%

Final Exam 30%

*Weekly Quizzes:* Each week there will be a quiz based upon the concepts from the material covered. These will open at the start of a given week and be due the following Sunday. You are welcome to adjust your answers to these quizzes and resubmit as many times as you like until the midnight cutoff on Sunday. Further, these can be collaborated on with your classmates.

*Unit Exams:* Each unit of this course follows a particular theme and pertains to a related set of subjects. At the conclusion of a unit, there will be an exam which tests your ability to recognize,

understand, and apply concepts. Exams possess three parts: a multiple-choice section, a short answer section, and a long application problem. The multiple-choice section will generally examine your ability to recognize concepts. The short answer tests your ability to explain and understand an idea. Finally, the long application problem offers a unique situation in which you are required to apply the tools from the unit. There will only be one long application problem per exam that will be provided to you at the start of the week before the exam opens. I encourage you to write and research your answer prior to starting the test. Answers should be between 750-1000 words. Exams are open note and open book. Collaboration is not allowed.

*Final Exam/Final Paper:* For your last assignment in the course, you have two options, to complete a paper or an exam.

The final paper must pertain to a topic in international monetary economics. It must be a minimum of 10 pages double-spaced in length. The piece must include data, some type of empirical test, and apply a theory or concept from our studies to an original area or example. Your idea for the paper must be approved before pursuing it.

The final exam will be similar to a unit exam but encompass all material covered during the course. A similar framework applies but will be expanded. There will be more multiple-choice and short answer questions as well as an additional long application problem. Similar to the unit exams you will be provided these prompts ahead of the final exam time.

## **Weekly Meeting:**

Each week on Friday at 11:00 a.m., I will open a Zoom room for meetings. This time is your opportunity to ask questions pertaining to the material, the quizzes, or potentially an upcoming exam. These are entirely student driven discussions. I am there to facilitate and provide guidance on any of the matters listed above. Attendance of these meetings is not required but offered as an option for those wishing to take advantage.

## **Class Schedule:**

### **UNIT 1 – The Global Economy and Exchange Rates**

Week 1: Macroeconomic Frameworks and Transitioning to an International Setting

Chapter 1: The Global Macroeconomy

Video 1: The LRAS-SRAS-AD Model and Some Examples

Week 2: Exchange Rates, Interest, and Foreign Exchange Markets

Chapter 2: Introduction to Exchange Rates and the Foreign Exchange Market

Video 2: The LOOP and Interest Rates

Week 3: Long Run Dynamics of Exchange Rates

Chapter 3: Exchange Rates 1: The Monetary Approach in the Long Run  
Video 3: Inflation, Assets, Exchange Rates, and the International Context, Part 1

Week 4: Short Run Dynamics of Exchange Rates

Chapter 4: Exchange Rates 2: The Asset Approach in the Short Run  
Video 4: Inflation, Assets, Exchange Rates, and the International Context, Part 2

Week 5: Unit Exam 1

## **UNIT 2 – Balance of Payments and Building the Model**

Week 6: Economic Accounting Abroad

Chapter 5: National and International Accounts: Income, Wealth, and the Balance of Payments

Week 7: Financialization of the Global Economy

Chapter 6: Balance of Payments 1: The Gains from Financial Globalization  
Video 5: The Flow of the International Economy

Week 8: Building the Workhorse Model

Chapter 7: Balance of Payments 2: Output, Exchange Rates, and Macroeconomic Policies in the Short Run  
Video 6: Impact of Monetary Systems on the Flow

Week 9: Unit Exam 2

## **UNIT 3 – International Monetary Institutional Arrangements**

Week 10: Exchange Rate Regimes

Chapter 8: Fixed Versus Floating: International Monetary Experience

Week 11: International Monetary Crises

Chapter 9: Exchange Rates Crises: How Pegs Work and How They Break  
Video 7: Monetary Institutional Selection and Evaluation, Part 1

Week 12: Choosing a Regime

Chapter 10: The Euro  
Video 8: Monetary Institutional Selection and Evaluation, Part 2

Week 13: Unit Exam 3

## **Extra Topics**

Week 14: Supply Chains

Video 9: A Brief Introduction to Network Theory and Economic Examples

Week 15: International Financial Networks

Week 10: The Costs (and Benefits) of Economic Connectedness

## *Final Exam*

## **Late Work Policy:**

As this class is online, you have until the next week of content to submit your assignments. Late work will only be accepted in exceptional circumstances where a student was entirely unable to submit the required work. If a student is unavailable for an exam period, the weight for the missed exam will be transferred to the next opportunity.

## **Artificial Intelligence Policy:**

The rise of generative AI tools marks a remarkable opportunity for enhancing the educational environment and learning experience. However, certain ground rules are necessary. In this class, all short answer questions, essay prompts, and papers will be given to an AI system. This response sets the minimum acceptable quality for any of these respective questions. As an AI system is not necessarily trained on this class's topic (AI systems are not particularly good at economics in general), it is reasonable that a student who is training on such topics can outperform these systems. Beyond this, you are welcome to use AI systems for any purpose so long as you stay within the GMU's Honor Code.

## **GMU Honor Code:**

Students are expected to follow GMU's Honor Code in every aspect of the course. No cheating or plagiarism will be tolerated for any assignments. Any individual caught using such methods will be reported to the necessary parties and will immediately receive a zero for the assignment.

## **Statement on Accommodations:**

Any student with a disability who desires academic accommodations, please let me know and reach out to GMU Disability services via email at [ods@gmu.edu](mailto:ods@gmu.edu) or on the phone, 703-993-2474. Any arrangements to be made will be done so through this office.

## **Statement on Inclusivity**

This class will cultivate an inclusive environment supporting a broad variety of experiences and backgrounds. These differences are to be acknowledged, celebrated, and allowed space to provide insight on any topics discussed.

## **Student Privacy**

During the course of this class, no student's personal information will be disclosed to anyone. For more information on your rights to privacy in this class under FERPA, please visit this link: <https://registrar.gmu.edu/ferpa/>.

## **Other Student Resources**

Keep Learning, Learning Services ([learningservices.gmu.edu/keeplearning/](https://learningservices.gmu.edu/keeplearning/))

University Libraries ([library.gmu.edu](https://library.gmu.edu))

Writing Center ([writingcenter.gmu.edu](https://writingcenter.gmu.edu))

Counseling and Psychological Services ([caps.gmu.edu](https://caps.gmu.edu))