

York University  
Faculty of Liberal Arts & Professional Studies  
Department of Economics  
International Finance AP/ECON 3580 A  
Fall 2021

**Instructor:** Dr. Andrea Podhorsky

Teaching Assistant: TBA

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Course Webpage: <http://eclass.yorku.ca>

Virtual Office Hours: Fridays 12:00 pm – 1:15 pm

Please sign up on Moodle to schedule a 15-minute appointment on Zoom.

**Technical requirements for taking the course:**

Several platforms will be used in this course (e.g., eClass, Zoom, etc.) through which students will interact with the course materials, the course director/TA, as well as with one another. Please review this syllabus to determine how the class meets (in whole or in part), and how office hours will be conducted.

Students shall note the following:

- Zoom is hosted on servers in the U.S. This includes recordings done through Zoom.
- If you have privacy concerns about your data, provide only your first name or a nickname when you join a session.
- The system is configured in a way that all participants are automatically notified when a session is being recorded. In other words, a session cannot be recorded without you knowing about it.

To fully participate in this course, you will need to have access to a computer with webcam and microphone, or a smart device with these features. Please consult the following technological resources, which are accessible from the following resource links:

- Moodle: [Student Guide to Moodle](#) and [Frequently Asked Questions](#).
- Zoom: [Zoom@YorkU User Reference Guide](#) and [Zoom@YorkU Best Practices](#).

**Times and locations:**

Please note that this is a course that depends on remote teaching and learning. There will be no in-person interactions or activities on campus.

**Organization of the course:**

The entire course, including examinations, will take place on the course's Moodle/eClass page. Although we are scheduled to meet at 11:30 am – 2:30 pm on Mondays, this course has no live virtual meetings outside of our weekly office hours, a live session to introduce myself at the beginning of the course, and the Q&A (Questions and Answers) sessions that will take place before each exam (see the times scheduled in the course outline below). We will also

have an online forum for questions regarding the course material and I will respond to emails as quickly as possible.

I will be teaching this course asynchronously; lecture notes and pre-recorded videos will be posted on the course's Moodle every week. You can learn the course material at your own pace, following the schedule of readings and activities. If there are any questions regarding the course material that you would like to be included in the Q&A, please email me in advance.

### **Course Description:**

In this course we will study countries' national accounts, balance of payments, exchange rate regimes and their determination. We will build on this knowledge to study foreign exchange and money markets, monetary and stabilization policies, currency and financial crises with specific examples including the Euro crisis. We will also study the new topic of cryptocurrencies with an emphasis on how they are changing global economic models. The theoretical tools developed in this course will equip students with the methods to analyze and evaluate alternative international macroeconomic policies and the confidence to apply these tools to real-world scenarios.

Prerequisites: AP/ECON 1000 3.00 and AP/ECON 1010 3.00 or equivalents.

### **Required Course Materials:**

Text: International Economics: Theory & Policy, 11th Edition (digital), by Paul Krugman, Maurice Obstfeld and Marc Melitz.

### **Evaluation:**

Midterm	40%	Oct. 25
Final Exam	60%	TBA

This course will utilize the above textbook in addition to numerous academic articles (accessible from the online links provided in the syllabus or the York University Libraries' digital resources), which are appropriate for an undergraduate economics audience.

### **Topics and Schedule:**

Note that the dates for learning the material are provided as suggestions to assist you in keeping up with the quick pace and schedule of the class.

#### **Topic 1 (Sept. 13)**

- National Income Accounting and the Balance of Payments (Ch 13)
- "The Impact of Exchange Rate Movements on U.S. Foreign Debt." Current Issues in Economics and Finance (Federal Reserve Bank of New York).

[https://www.newyorkfed.org/medialibrary/media/research/current issues/ci9-1.pdf](https://www.newyorkfed.org/medialibrary/media/research/current%20issues/ci9-1.pdf)

- **Live introductory session on Zoom 11:30 am – 12:30 pm**

For those who cannot attend, the session will be recorded and posted on Moodle.

#### Topic 2 (Sept. 20)

- Exchange Rates and the Foreign Exchange Market: An Asset Approach (Ch 14 and Appendix)
- “The International Role of the Dollar: Theory and Prospect.” In John F.O. Bilson and Richard D. Marston, eds. Exchange Rate Theory and Practice.

<https://www.nber.org/chapters/c6838.pdf>

#### Topic 3 (Sept. 27)

- Money, Interest Rates, and Exchange Rates (Ch 15)
- “Exchange Rate Overshooting and the Cost of Floating” Federal Reserve Bank of San Francisco Working Paper 2005-07

<https://www.frbsf.org/economic-research/files/wp05-07bk.pdf>

#### Topic 4 (Oct. 4)

- Price Levels and the Exchange Rate in the Long Run (Ch 16)
- “Real Exchange Rates and Macroeconomics: Evidence and Theory.” Canadian Journal of Economics, 1997, Vol. 30, Issue 4, pp. 773-808.

#### Topic 5 (Oct. 18)

- Output and the Exchange Rate in the Short Run (Ch 17 and Appendix)
- “Escaping from a Liquidity Trap and Deflation: The Foolproof Way and Others.” Journal of Economic Perspectives, 2003, Vol. 17 Fall, pp. 145-166.
- **Live review session on Zoom 11:30 am – 12:30 pm**  
For those who cannot attend, the session will be recorded and posted on Moodle.

### Oct. 25 Midterm Exam

#### Topic 6 (Nov. 1)

- Fixed Exchange Rates and Foreign Exchange Intervention (Ch 18 and Appendix 1 and 2)
- “The Dollar Dilemma: The World’s Top Currency Faces Competition.” Foreign Affairs, 2009, Vol 88, Issue 5, pp. 53-68
- “Too Much of a Good Thing? The Adequacy of International Reserves in the Aftermath of Crises.” The World Economy, 2003, Vol 26, Issue 6, pp. 873-891.
- “Anomalies: Foreign Exchange.” Journal of Economic Perspectives, 1990, Summer Volume 4, Issue 3, pp. 179-192.

#### Topic 7 (Nov. 8)

- International Monetary Systems: An Historical Overview (Ch 19 and Appendix)

#### Topic 8 (Nov. 15)

- Optimum Currency Areas and the European Experience (Ch 20)
- The Economist Magazine: “Europe does not make an ideal currency area”

<https://www.economist.com/special-report/1998/04/09/a-primer-in-economics>

- “Is Asia an Optimum Currency Area? Can it Become One? Regional, Global and Historical Perspectives on Asian Monetary Relations.”

[https://www.researchgate.net/publication/46441474\\_Is\\_Asia\\_an\\_Optimum\\_Currency\\_Area\\_Can\\_It\\_Become\\_One\\_Regional\\_Global\\_and\\_Historical\\_Perspectives\\_on\\_Asian\\_Monetary\\_Relations](https://www.researchgate.net/publication/46441474_Is_Asia_an_Optimum_Currency_Area_Can_It_Become_One_Regional_Global_and_Historical_Perspectives_on_Asian_Monetary_Relations)

#### Topic 9 (Nov. 22)

- Financial Globalization: Opportunity and Crisis (Ch 21)
- “On the Need for an International Lender of Last Resort.” Journal of Economic Perspectives, Fall 1999, Volume 13, pp. 85 – 104.
- “Myths About the Lender of Last Resort.” International Finance, November 1999, Volume 2.

#### Topic 10 (Nov. 29)

- Developing Countries: Growth, Crisis and Reform (Ch 22)
- “The Mirage of Exchange Rate Regimes for Emerging Market Countries.” Journal of Economic Perspectives, Fall 2003, Volume 17, pp. 99-118.
- “The Unholy Trinity of Financial Contagion.” Journal of Economic Perspectives, Winter 2003, Volume 17.

#### Topic 11 (Dec. 6)

- Cryptocurrencies

Video: The Future of Money

[https://www.ted.com/talks/neh\\_narula\\_the\\_future\\_of\\_money/discussion?languageko&utm\\_campaign=spread-a&utm\\_medium=referral&utm\\_source=tcdcomshare](https://www.ted.com/talks/neh_narula_the_future_of_money/discussion?languageko&utm_campaign=spread-a&utm_medium=referral&utm_source=tcdcomshare)

- “Cryptocurrency: A Primer for Policy-Makers”

[https://www.cna.org/CNA\\_files/PDF/CRM-2019-U-020185-Final.pdf](https://www.cna.org/CNA_files/PDF/CRM-2019-U-020185-Final.pdf)

- “Flight to Bitcoin”

[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3278469](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3278469)

- “How do Private Digital Currencies Affect Government Policy?”

[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3437529](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3437529)

- **Live review session on Zoom 11:30 am – 12:30 pm**

For those who cannot attend, the session will be recorded and posted on Moodle.

#### Grading Policy:

- There will be no make-up mid-term exam. Students absent from the mid-term exam will have the weight transferred to their final exam.
- The final exam will cover all material discussed in this course. The exact date of exam will be scheduled by the Registrar's Office.
- The deferred exam for the final exam will be granted only for medical reasons. In such cases students should submit a deferred exam application together with the supporting documents (attending physician's statement) to the Department of Economics to my attention. The date and time of the deferred exam will be set at a later date. Students who may require further extensions or accommodation will have to submit a formal petition to the Faculty.

- Final course grades may be adjusted to conform to Program or Faculty grades distribution profiles.

**Important Course Information for Students:**

- All students must read and acknowledge the [LA&PS Course Policies](#) as they regard:
- Intellectual property notice
- Accessibility
- Policies related to Zoom meetings
- Student conduct
- Academic integrity

In addition, all students are expected to familiarize themselves with the following information, available on the Senate Committee on Academic Standards, Curriculum & Pedagogy webpage

<https://secretariat.info.yorku.ca/files/CourseInformationForStudentsAugust2012-.pdf>

- Senate Policy on Academic Honesty and the Academic Integrity Website
- Course requirement accommodation for students with disabilities, including physical, medical, systemic, learning and psychiatric disabilities
- Student Conduct Standards
- Religious Observance Accommodation

**Course ADD/Drop Deadlines:**

Last date to add a course without permission of instructor (also see Financial Deadlines)	Sept. 21
Last date to add a course with permission of instructor (also see Financial Deadlines)	Oct. 5
Last date to drop a course without receiving a grade (also see Financial Deadlines)	Nov. 12
Course Withdrawal Period (withdraw from a course and receive a grade of "W" on transcript – see note below)	Nov. 13 – Dec. 7

**Policy and Guidelines on Withdrawn from Course:**

<https://secretariat-policies.info.yorku.ca/policies/withdrawn-from-course-w-policy-and-guidelines/>