

# International Finance

## Course Details

**Course Designator & Number: BCLA 4623W**

**Number of Credits: 3**

**Language of Instruction: English**

**Contact Hours: 45**

**Instructor: xxx**

## Course Description

This course provides students with a comprehensive understanding of financial management in an international context. Focusing on multinational enterprises, particularly in Barcelona and the broader European market, the course explores international investment strategies, exchange rate management, and financial decision-making. Special emphasis is placed on overcoming barriers to international capital flows, managing currency risks, and examining the cost of capital in both developed and emerging markets.

## Course Objectives

Through their participation in this course, students will:

- Gain a foundational understanding of international trade and finance principles, including the role of multinational enterprises.
- Demonstrate proficiency in analyzing the balance of payments and national income accounting in an open economy.
- Examine the determinants of exchange rates and their effects on global competitiveness.
- Analyze the relationships between interest rates, inflation, and exchange rate movements.
- Compare fixed and floating exchange rate systems and evaluate short-run policy effects.
- Explore global financial markets, institutions, and their impact on international finance.
- Understand European monetary integration and the role of the Euro in Spain's economy.

- Identify emerging trends in digital finance, sustainability, and future challenges for multinational firms.
- Develop skills in financial writing, including the ability to write for diverse audiences, structure written arguments effectively, and refine written work through revision.

## Methodology

In this course, students are expected to engage deeply with the subject matter and demonstrate their understanding through various assessments. Students will be assessed on their proficiency of financial concepts as well as their ability to communicate effectively through written assignments, discussions, and presentations. Active participation is crucial, and students must attend each class and all field study components. Students are required to complete assigned readings prior to class, which typically consist of approximately 30-40 pages each week, and come prepared to contribute thoughtfully to discussions.

## Course Prerequisites

Introductory finance course

## Reading / Materials

Blake, Gary, and Robert W. Bly. *The Elements of Business Writing: A Guide to Writing Clear, Concise Letters, Memos, Reports, and More*. New York: Prentice Hall, 2008.

Cabrera, Daniel. "Barcelona, entre las diez ciudades más innovadoras de Europa." *La Vanguardia*, October 30, 2016. Accessed October 22, 2024.

<https://www.lavanguardia.com/ciencia/quien/20161030/411436326180/barcelona-top-ten-innovacion-produccion-cientifica-europa.html?facet=amp>.

CaixaBank Research. "Catalonia's Macroeconomic & Financial Outlook." Last modified March 21, 2024. Accessed October 22, 2024. <https://www.caixabankresearch.com/en>.

Catalonia Trade & Investment. "Why Invest in Catalonia." Accessed October 22, 2024. <https://catalonia.com/en/why-invest-in-catalonia>.

Clifford, Jacob. YouTube. Accessed October 22, 2024. <https://www.youtube.com/user/ACDCLeadership>.

Eun, Cheol S., and Bruce G. Resnick. *International Financial Management*. 8th ed. New York: McGraw-Hill Education, 2017.

Financial Times. YouTube. Accessed October 22, 2024. <https://youtube.com/@financialtimes?si=xmI9LNqwNrDbjele>.

Krugman, Paul R., and Maurice Obstfeld. *International Economics: Theory and Policy*. 11th ed. Pearson, 2018.

Krugman, Paul R., Maurice Obstfeld, and Marc Melitz. *International Finance: Theory and Policy*. 11th ed. Pearson, 2018.

MacRae, Paul. *Business and Professional Writing: A Basic Guide*. Toronto: McGraw-Hill Ryerson, 2001.

Marginal Revolution University. "Marginal Revolution University." Accessed October 22, 2024. <https://mru.org/>.

Mishkin, Frederic S., and Stanley Eakins. *Global Financial Markets and Institutions*. 9th ed. Boston: Pearson, 2018.

The Economist. YouTube. Accessed October 22, 2024. <https://www.youtube.com/user/TheEconomist>.

# Grading

## Grading Rubric

Letter Grade	Score or Percentage	Description
A	93–100	Achievement that is outstanding relative to the level necessary to meet course requirements.
A-	90–92	Achievement that is significantly above the level necessary to meet course requirements.
B+	87–89	
B	83–86	
B-	80–82	Achievement that meets the course requirements in every respect.
C+	77–79	
C	73–76	
C-	70–72	Achievement that is worthy of credit even though it fails to fully meet the course requirements.
D+	67–69	
D	60–66	
F	0–59	Represents failure (or no credit) and signifies that the work was either (1) completed but at a level of achievement that is not worthy of credit or (2) was not completed and there was no agreement between the instructor and the student that the student would be awarded an I.

## Summary of How Grades Are Weighted

Assignments	Percentage of Grade
Participation in class	15%
Homework (3 at 5%)	15%
Quizzes (2 at 10%)	20%
Presentation	10%
Final Paper Topic proposal, 5% Annotated bibliography, 5% Draft submission, 10% Final submission, 20%	40%
<b>Overall grade</b>	<b>100%</b>

### Assessment Details

**Participation:** Students are expected to actively participate in class discussions and group activities. This includes sharing insights, asking questions, and engaging with classmates' contributions. Participation is vital for fostering a collaborative learning environment.

**Homework:** Students will complete three short response papers and journal entries throughout the course. These assignments encourage reflection on readings and discussions, emphasizing critical thinking and personal engagement with the material.

**Quizzes:** There will be three quizzes formatted as short essays to assess students' comprehension of the course readings. Quizzes will cover key concepts and theories discussed in class, ensuring students are keeping up with the material.

**Presentation:** Each student will deliver a 10-minute presentation that incorporates local context to illustrate concepts from assigned readings. This presentation will be followed by a 5-minute question-and-answer session, allowing for further exploration of the topic.

**Final Paper:** A substantial research paper (8-10 pages) will be required, focusing on a topic determined in consultation with the faculty member. The paper will require revision and

refinement, reinforcing the writing process and emphasizing the importance of clarity and depth in financial analysis.

# Course Content

## Unit 1

### Foundations of International Trade & Finance

- Overview of international trade theory and its relevance to financial management.
- Role of multinational enterprises in global trade.
- Comparative advantage and its impact on global trade patterns.
- Local Focus: Barcelona's Rise as a Hub of Innovation: Analyzing the Foundations of International Trade and Finance.

## Unit 2

### Financial Writing: Purpose, Audience, & Style

- Essentials of financial writing: clarity, structure, and audience.
- Common formats: reports, executive summaries, and research papers.
- Developing effective arguments in finance.

## Unit 3

### Balance of Payments & National Income Accounting

- Components of the balance of payments: current and capital accounts.
- National income accounting in an open economy.
- Relationship between the balance of payments and economic stability.
- Local Focus: Spain's balance of payments and Catalonia's trade performance within the Eurozone.

## Unit 4

### Exchange Rates & the Foreign Exchange Market

- Understanding exchange rate systems: floating, fixed, and managed exchange rates.
- The foreign exchange market and the determination of exchange rates.

- Asset approach to exchange rates.
- Local Focus: The Euro's Initial Impact on Barcelona's Key Industries and the Potential Economic Consequences of Catalonia's Independence.

## Unit 5

### Interest Rates, Inflation, & Exchange Rate Movements

- The relationship between interest rates, inflation, and exchange rate fluctuations.
- Purchasing power parity and the long-run behavior of exchange rates.
- Local Focus: Impact of European Central Bank policies on interest rates in Spain and Catalonia.

## Unit 6

### Short-Run Exchange Rate Dynamics & Intervention

- Short-run effects of monetary and fiscal policy on exchange rates.
- Role of government intervention in stabilizing exchange rates.
- Fixed vs. floating exchange rates and their implications for policy.

## Unit 7

### Global Financial Markets & Institutions

- Overview of global financial institutions (IMF, World Bank) and their roles.
- Financial globalization: risks and opportunities for multinational firms.
- Local Focus: How Catalonia attracts foreign investment in its financial and real estate markets.

## Unit 8

### The Euro & European Monetary Integration

- The theory of optimum currency areas and the Euro.
- Benefits and challenges of European monetary integration.
- Impact of the Euro on Spain's economic policy and trade.



## Unit 9

### **Emerging Trends & Future Challenges in International Finance**

- Financial innovation: digital currencies, blockchain, and fintech.
- Sustainability and ethical finance in a global context.
- Future challenges for multinational firms: navigating currency risks, regulation, and geopolitical uncertainty.
- Local Focus: Barcelona's role in Europe's fintech revolution and the challenges of attracting sustainable investment

### **Field study and experiential learning components may include:**

- Visit to local financial institutions (e.g. La Caixa)
- Visit to local companies

These experiences will enhance students' understanding of theoretical concepts in practical contexts, particularly in relation to the unique financial and trading landscape of Barcelona.

# Policies

## Attendance Policy

Students are expected to be on time and attend all classes while abroad. Many instructors assess both attendance and participation when assigning a final course grade. Attendance alone does not guarantee a positive participation grade; the student should be prepared for class and engage in class discussion. See the on-site syllabus for specific class requirements.

## University of Minnesota Policies & Procedures

Academic integrity is essential to a positive teaching and learning environment. All students enrolled in University courses are expected to complete coursework responsibilities with fairness and honesty. Failure to do so by seeking unfair advantage over others or misrepresenting someone else's work as your own can result in disciplinary action. The University Student Conduct Code defines scholastic dishonesty as follows:

### Scholastic Dishonesty

Scholastic dishonesty means plagiarizing; cheating on assignments or examinations; engaging in unauthorized collaboration on academic work; taking, acquiring, or using test materials without faculty permission; submitting false or incomplete records of academic achievement; acting alone or in cooperation with another to falsify records or to obtain dishonestly grades, honors, awards, or professional endorsement; altering forging, or misusing a University academic record; or fabricating or falsifying data, research procedures, or data analysis.

Within this course, a student responsible for scholastic dishonesty can be assigned a penalty up to and including an "F" or "N" for the course. If you have any questions regarding the expectations for a specific assignment or exam, ask.

### Student Conduct

The University of Minnesota has specific policies concerning student conduct. This information can be found [on the Learning Abroad Center website](#).