



## Department of Economics

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## Economics 244: International Finance

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### Module Outline

2020

(for emergency remote teaching)

## 1. INTRODUCTION

### 1.1. MODULE AIM

International Finance examines the effects of financial flows between countries. It looks at the effect of such flows on the balance of payments and the exchange rate. It also evaluates the implications of different exchange rate regimes and considers the appropriate role of international institutions such as the International Monetary Fund (IMF).

Students of International Economics can make use of the skills and tools learned in a wide range of career paths, such as journalism, consultancy, government agencies and international institutions, while at the same time enjoying the ability to make sense of some of the most important and complex issues of our times.<sup>1</sup>

### 1.2. MODULE OUTCOMES

After the successful completion of this module you will be able to:

- Link global economic shocks to changes in financial flows
- Explain the different kinds of international financial flows
- Analyse the effects of global risk appetite and investor confidence on the external value of currencies
- Read a news article on a bilateral exchange rate, such as the R/\$, and explain what led to the depreciation or appreciation of the rand.
- Critically debate the nature of and importance of the different financial flows in Africa
- Discuss different exchange rate policy options, the monetary policy trilemma and the constraints for countries in choosing an exchange rate policy.

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<sup>1</sup> Excerpt from <http://studyingeconomics.ac.uk/module-options/international-economics/>

### 1.3 LANGUAGE OF INSTRUCTION

Economics 244 is presented according to the language option as indicated in the faculty language plan:

Both Afrikaans and English are used in the same class group and the combination of facilitated learning opportunities is as follows:

- During each lecture, all information is conveyed at least in English and summaries or emphasis on content are also given in Afrikaans. Questions in Afrikaans and English are, at the least, answered in the language of the question.
- Students are supported in Afrikaans and English during a combination of appropriate, facilitated learning opportunities (e.g. consultations during office hours, or scheduled tutorials and practicals).
- For first-year modules, SU makes simultaneous interpreting available during each lecture. During the second and subsequent years of study, simultaneous interpreting is made available by SU upon request by a faculty, if the needs of the students warrant the service and SU has the resources to provide it. If two weeks have passed with no students making use of the interpreting service, it may be discontinued.

The language specifications as noted above are still applicable. Additional content created specifically for emergency remote teaching will be available in English only.

## 2. ADMINISTRATION

### 2.1. MODULE CONVENOR

Name	E-mail address
Prof RCC Jaftha	rccj@sun.ac.za

### 2.2. INTERNATIONAL FINANCE LECTURER

Name	E-mail address
Mrs O Ezeobi	olivia@sun.ac.za

### 2.3 INTERNATIONAL FINANCE TUTOR

Name	E-mail address
Dr H Hollander	hylton@sun.ac.za

### 2.4. POSTGRADUATE ONLINE ASSISTANTS

Este Ellis & Monica Nelissen

### 2.5. INTERNAL MODERATOR

Prof J Fourie

## 2.6. LECTURE FORMAT

Online lecturing will be mainly asynchronous, allowing students to work at their own pace to achieve each week's learning objectives. Details of each week's work and the learning objectives will be made available on the module's SUNLearn page.

A collection of short lecture audio or video files will be posted on SUNLearn every week. Please post any questions you may have about this content, on the Discussion Forum. Please note that I will not respond to contents-related questions sent directly to my e-mail account.

A 30 minute synchronous (live) interaction via MS Teams will take place on Fridays at 12:00 and will be used to

- discuss recent news related to international finance
- discuss questions you may have on the contents of the work

These sessions will be recorded and posted on SUNLearn should you not be able to join live.

## 2.7. TUTORIALS

Tutorials for International Finance will start the week of 5 October. More information will be made available on SUNLearn.

## 3. PRESCRIBED LITERATURE

The Core Team (2017). *The Economy - Economics for a Changing World*. Oxford University Press: United Kingdom.

*Unit 18 only*

Available from: <https://core-econ.org/the-economy/book/text/18.html>

The Core Team (2020). *Macroeconomics of the COVID-19 Pandemic*

Sethi, R. and The Core Team (2020). *The Economics of Pandemics*.

Available from <https://www.core-econ.org/project/core-covid-19-collection/>

UNCTAD (2020). *World Investment Report 2020 – International production beyond the Pandemic*.

Available from

[https://unctad.org/en/PublicationsLibrary/wir2020\\_overview\\_en.pdf](https://unctad.org/en/PublicationsLibrary/wir2020_overview_en.pdf)

World Bank. 2020. COVID-19 Crisis Through a Migration Lens. *Migration and Development Brief no. 32*; World Bank, Washington, DC.

Available from <https://openknowledge.worldbank.org/handle/10986/33634>

Class notes and additional resources (articles) will be provided on SUNLearn.

## **4. LEARNING METHODOLOGY**

### **4.1. METHOD OF INSTRUCTION**

This module is currently presented as emergency remote teaching through an online learning environment (SUNLearn) because of the COVID19 pandemic.

Principles of adult learning will be applied. Methods of instruction include inputs in the form of documents, PowerPoint slides with voice notes, etc. and tutorials. You are encouraged to ask questions via the Discussion Forum on SUNLearn.

For more information on how to engage with online learning, please visit this page: <http://www.sun.ac.za/english/learning-teaching/student-affairs/cscd/Pages/Guidance-for-Student-Online-Learning.aspx>

### **4.2. PARTICIPATION IN MODULE ACTIVITIES**

Stellenbosch University is a contact university that is currently providing emergency remote teaching via an online platform (SUNLearn). This means that a large part of your learning was supposed to take place in class through active learning. To ensure that you still master the learning outcomes of this module, you are expected to keep up to date with the online learning activities and still actively participate.

### **4.3. SUNLEARN**

Under remote learning conditions SUNLearn is an essential platform for module engagement and should be consulted regularly for resources, communication and learning activities.

## **5. MODULE CONTENT**

### **1. THE RECESSION INDUCED BY THE PANDEMIC CONTAINMENT POLICY**

- 1.1 Nature of the macroeconomic shock
- 1.2 Comparison with global financial crisis and climate crisis

### **2. THE NATION AND THE WORLD ECONOMY**

- 2.1 Globalization and deglobalization in the long run
- 2.2 Globalization and investment
- 2.3 Globalization and migration
- 2.4 Migration: Globalization of labour
- 2.5 Globalization and anti-globalization

### **3. EXCHANGE RATES**

- 3.1 External value of the rand
- 3.2 Risk-on and risk-off trade
- 3.3 Effect of Monetary Policy of The Fed and ECB on emerging market currencies
- 3.4 Exchange rate policy options

### **4. FINANCIAL FLOWS TO AND FROM AFRICAN COUNTRIES**

- 4.1 Investment flows to Africa
- 4.2 Official Development Assistance (ODA) to Africa
- 4.3 The importance of remittances in Africa