

**INTERNATIONAL FINANCE
ECONOMICS EC3353B-001**
Department of Economics
Western University

January 2019

General Information:

Instructor: Ananth Ramanarayanan
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E-mail: aramanar@uwo.ca
Office hours: Tuesday, 1:30-3:30, or by appointment
Class times: Tuesdays, 11:30-1:30 and Thursdays, 11:30-12:30, TC 204
Course website: <https://owl.uwo.ca/portal>
Undergraduate inquiries: 519-661-3507 or SSC Room 4075 or econugrd@uwo.ca

Registration:

You are responsible for ensuring you are registered in the correct courses. If you are not registered in this course, the Department will not release any of your marks until your registration is corrected. You may check your timetable by using the Login on the Student Services website at <https://student.uwo.ca>. If you notice a problem, please contact your home Faculty Academic Counsellor immediately.

Prerequisite Note:

The prerequisite(s) for this course is (are) **Economics 2221 A/B**. In addition, you should be very comfortable with **calculus, algebra, and geometry**.

You are responsible for ensuring that you have successfully completed all course prerequisites, and that you have not taken any anti-requisite courses. Lack of prerequisites may not be used as a basis for appeal. If you are found to be ineligible for a course, you may be removed from it at any time and you will receive no adjustment to your fees. This decision cannot be appealed.

If you find that you do not have the course prerequisites, it is in your best interest to drop the course well before the end of the add/drop period. Your prompt attention to this matter will not only help protect your academic record, but will ensure that spaces become available for students who require the course in question for graduation.

Course Description:

This course is an advanced introduction to the study of international macroeconomics and finance. We will develop theoretical models for analyzing determinants of current account deficits, international capital movements, and exchange rates. We will also examine and evaluate changes in global capital market integration over time. These models will be used to discuss policy issues such as balance-of-payment crises and the debt crises in developing countries and the Euro area.

Course Learning Outcomes:

By the end of this course, students will be able to:

- Set up and solve 2-period intertemporal models of current account (trade balance) determination in open economies with various market frictions.
- Use these models to analyze the effects of various shocks and government policies on trade imbalances.
- Understand basic models of sovereign borrowing and the causes and consequences of sovereign default.
- Evaluate alternative explanations for sustained current account deficits in developed economies.
- Interpret data on international savings, investment, and interest rates as indicators of the degree of international financial market imperfections.
- Understand the determination of real exchange rate movements.

Course Materials:

There is no required text for this course, but some material will closely follow the manuscript by **Schmitt-Grohe, Uribe, and Woodford, "International Macroeconomics,"** which is available on the course website. You are responsible for all material covered in lectures, as well as journal articles and other readings that I make available online. Please note that the material online will not cover everything that we will discuss in class, so it is important that you maintain a full set of notes on in-class material.

Grading:

Your grade in this course will be based upon 4 homework assignments, 2 midterm exams, and a final exam. They will contribute to your final grade as follows:

Homework Assignments:	20%
Midterm Exams	20% each*
Final Exam	40%

Homework Assignments will be posted online, and each one will be due one week after it is posted. Your assignment must be turned in to me in class on the due date. Assignments may not be submitted by email or any other method. Late assignments will not be accepted. **Your highest 3 homework scores will count toward your grade.** You may discuss the problems and solutions with your classmates, but you must each write up your own individual assignments independently. Identical or essentially identical assignments will receive a grade of zero.

Midterm Exams will be given on Tuesday, February 5 and Tuesday, March 12, during class time. **The Final Exam** will be held at a time and location to be determined by the University Registrar. All exams will be closed-book and closed-notes. The only electronic device you may use during exams is a non-graphing, non-programmable calculator. Graphing/programmable calculators, cell phones, etc. must be kept in your bag. If you have any of these devices out during an exam it will be taken from you and will only be returned once you have turned in the exam.

All exams are **cumulative**, meaning they will cover all material up to that point in the course. There will be **no make-up midterms** given. If you miss a midterm due to illness or other acceptable excuse, the weight of that midterm will be shifted to your final exam. Lack of an acceptable justification for missing an exam will result in a grade of zero for that exam.

* In calculating your grade, if your score on the final exam is higher than either of the midterms, then half the weight of that midterm will be shifted to the final. (That midterm will count for 10% and the final will count for 50%.) This rule is meant to encourage you to improve your grade in case you perform poorly on one of the midterm exams. **This rule only applies if you have taken all three exams.**

If you have a dispute about how an exam or assignment was graded, you can submit it to me within **one week** after the day I return the graded exam or assignment to the class. Your request must be submitted *in writing* and you must explain why you think the grade should be changed. I will re-grade the entire exam / assignment, so your grade may go up or down.

Please Note
Department Policies for 2018-2019

Remember that the University expects all students to take responsibility for their own Academic Programs. Students should also check their registration to ensure they are enrolled in the correct courses.

1. Guidelines and policies for the Faculty of Social Science and the Department of Economics are posted online in the current Western Academic Calendar at:
<http://westerncalendar.uwo.ca>.
2. Students must familiarize themselves with the "Rules of Conduct for Examinations"
http://www.uwo.ca/univsec/pdf/academic_policies/exam/administration.pdf.
3. **Cheating as an academic offence:** Students are responsible for understanding what it means to "cheat". The Department of Economics treats cheating incidents very seriously and will investigate any suspect behavior. Students found guilty will incur penalties that could include a failing grade or being barred from future registration in other Economics courses or programs. The University may impose further penalties such as a notation on an official academic transcript, suspension or expulsion.
4. **Plagiarism:** Students must write their essays and assignments in their own words. When taking an idea/passage from another author, it must be acknowledged with quotation marks where appropriate and referenced with footnotes or citations. Plagiarism is an academic offence (see Scholastic Discipline for Undergraduate Students in the Western Calendar at
https://www.uwo.ca/univsec/pdf/academic_policies/appeals/scholastic_discipline_undergrad.pdf).

Western University uses software to check for plagiarism and students may be required to electronically submit their work. Those found guilty will be penalized as noted in point 3.

5. It is a Department of Economics policy that **NO** assignments be dated, stamped or accepted by staff. Students must submit assignments in class or to the instructor during office hours.

6. When appealing a mark, students should refer to the Student Academic Appeals section in the current Western Academic Calendar at:
https://www.uwo.ca/univsec/pdf/academic_policies/appeals/appealsundergrad.pdf

Please note the relevant deadlines.

The Department will not consider an appeal unless an attempt has been made to settle the matter with the instructor first. Students who remain dissatisfied with the outcome may proceed with a written appeal (e-mails are not acceptable) to the Undergraduate Director in Economics, stating the reasons for their appeal. A checklist is provided at:
https://economics.uwo.ca/undergraduate/program_counselling/responsibilities_policies.html.

7. Systematic adjustments of a class grade distribution (either up or down) can occur in Economics courses. The fact that grades have been adjusted is **not** grounds for an appeal.
8. Note the following add and drop deadlines:

Deadline to <u>add</u> a second term half course:	Tuesday January 15, 2019
Deadline to <u>drop</u> a second term half course:	Thursday March 7, 2019

9. Faculty of Social Science policy states that oversleeping or misreading an exam schedule is NOT grounds for a makeup. This rule applies to midterm and final exams in the Department of Economics.

Policy Regarding Makeup Tests and Final Examinations

*Academic accommodation will **not** be granted automatically on request. Students **must** demonstrate by documentation that there are **compelling** medical or compassionate grounds before academic accommodation will be considered.*

Students who proceed to write a test or examination must be prepared to accept the mark. Rewriting tests or examinations, or having their value reweighted on a retroactive basis, is **not** permitted. Students must also book travel arrangements AFTER final exam dates have been posted as they must not conflict with test or final exams.

Unless medically incapable of doing so, students must notify their instructor prior to the test date or at least within **24 hours** when requesting a makeup exam. Failure to follow this procedure may result in denial of academic accommodation and a grade of zero. Students should also set up an appointment as soon as possible to meet with their instructor. If the instructor is not available, send an email message, copying the Undergraduate Coordinator at econugrd@uwo.ca. **Notifying instructors of a missed exam does not automatically entitle students to a makeup.**

Students who seek a makeup exam must also provide supporting medical or other relevant documentation that their absence from a scheduled test or exam is beyond their control. Documentation should be submitted to the Academic Counselling Office of the student's *home* Faculty **as soon as possible (preferably within 24 hours of the scheduled test)**. Failure to follow this procedure may result in denial of academic accommodation and a grade of zero. If the documentation submitted is not acceptable, students will receive a zero for the missed test.

For personal illness, students may consult Student Health Services and request a Student Medical Certificate from the physician. If assessed by an off-campus doctor, students must obtain a certificate from his/her office at the time of the visit. The off-campus medical certificate form must also be used and can be found at:

http://www.uwo.ca/univsec/pdf/academic_policies/appeals/medicalform.pdf.

Notes stating "For Medical Reasons" are not considered sufficient.

For religious or compassionate circumstances, students should ask their Academic Counsellor what documentation to provide. If documentation is judged sufficient, the Academic Counsellor will issue a Recommendation for a Special Examination (a single form for midterms or a triple-color form for final exams). Once students have this form, they must contact their instructor as soon as possible to make arrangements. Even if approved by their Academic Counsellor, there is no guarantee that students will be allowed to write the makeup test/exam.

For final examinations, students need to seek permission from their *home* Faculty Counsellor, Instructor, and the Department Undergraduate Director. Failure to follow this procedure may result in a grade of zero. Students must ensure that the Special Examination form has been signed by the Instructor and Department Undergraduate Director and that the form is returned to the Academic Counselling Office for approval without delay. If approved, makeup examinations will be written within one month of the end of the exam period.

Policies Regarding Academic Accommodation

The Faculty of Social Science's policies regarding academic accommodation is found at http://counselling.ssc.uwo.ca/procedures/having_problems/index.html.

"Academic Rights and Responsibilities" are also outlined in the Western Calendar at <http://westerncalendar.uwo.ca/PolicyPages.cfm?PolicyCategoryID=1&command=showCategory&SelectedCalendar=Live&ArchiveID=1>. Claiming that "you didn't know what to do" is not an acceptable excuse for not following the stated procedures.

Policy Regarding Class Attendance

If the instructor deems a student's class attendance as unsatisfactory, that student may be prohibited from writing the final examination. If there is intent to make use of this University policy, the student will be notified in writing.

Statement on Mental Health and Support Services

Students under emotional/mental distress should visit http://uwo.ca/health/mental_wellbeing/ for more information and a complete list of resources on how to obtain help.