

INTERNATIONAL FINANCE
ECONOMICS EC3353B-001
Department of Economics
Western University

January 2021

General Information:

Instructor: Aldo Sandoval
Office: 4012 SSC
Phone: 226-927-3543
E-mail: asandov3@uwo.ca
Office hours: Friday 10:00 am to 12:00 pm (by email or by appointment)

- *Office hours will be held online using Zoom.*
- *Students can request online appointments by email.*

Delivery mode: *Online synchronous*
Meeting time(s): Mondays, 12:30-1:30 and Wednesdays, 12:30-2:30 p.m. (Eastern time)
Classroom: *Live lectures conducted by zoom*
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 **Economics 2221 A/B**
The antirequisites for this course are **Economics 2164A/B, Economics 2167A/B, Economics 3370A/B.**

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 Objectives:

This advanced course of international macroeconomics and finance. We will study theoretical models for analyzing determinants of current account deficits, the international mobility of capital 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.

Course Learning Outcomes:

By the end of this course, students will learn to:

- Set-up and solve 2-period intertemporal models of current account determination in open economies.
- Asses the main predictions of these models and use them as a framework to study the effects of various shocks and government policies.
- Evaluate the effects of tariffs, impediments to trade and policies through the lens of the different models covered in class.
- Understand the rationale behind models of sovereign borrowing and study the causes and consequences of sovereign default.
- Use models of foreign exchange determination to explain currency fluctuations.
- Interpret data and empirical evidence.

Textbook(s) and 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.

Attendance Requirements:

Students enrolled in the class are required to attend the Zoom virtual meetings at the scheduled times. Except for students with approved accommodations, no special provisions will be made, nor recordings will be provided to students who miss classes. Students are responsible for all material covered in lectures, as well as journal articles and other readings that I make available online.

Communication:

- Students should check the course OWL site every 24-48 hours
- A weekly update will be provided on OWL announcements
- Students should email the instructor and teaching assistant.
- Emails will be monitored daily; students will receive a response in 24 – 48 hours
- This course will use Zoom to conduct live lectures.

Technical Requirements

- *Laptop or computer*
- *Stable internet connection*
- *Microphone*
- *Webcam*

For technical support, see the OWL Help page or contact Western Technology Services Helpdesk (<https://wts.uwo.ca/about-wts/contact.html>). Google Chrome or Mozilla Firefox are the preferred browsers for OWL; update your browser frequently.

Grading:

The course will have two homework assignments, two midterms, and a final exam. Homework assignments will be posted online, and each one will be due one week after it is posted. Your assignment must be uploaded in owl before the deadline. Late assignments will not be accepted. 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.

The midterm exams will be held during class time. Midterms are not cumulative, and the final exam covers the whole course. The material for the exams consists of the topics covered in the class, any assigned readings and the material covered in the homework assignments. The format of the exams will consist of open questions requiring solving models, computing numeric responses, or providing analysis and interpretation of the results. The duration of each midterm will be 2 hours and the final exam will be 3 hours.

The distribution of the marks is as follows:

Midterm I	25%
Midterm II	25%
Homework assignments	10%
Final	40%

Exam dates:

Online midterm I	TBA
Online midterm II:	TBA
Final exam:	Set by registrar

- If you miss the first midterm due to a valid reason approved by your academic counselor or SRA, the weight of the missed test will be allocated to the next one. If you miss the second midterm, the weight will be allocated to the Final exam. If you miss the Final Exam, I will arrange a makeup exam within one week of the Final Exam.
- All exams will be closed book and closed notes.
 - “During exams students are forbidden to communicate with any person other than an examination proctor or the instructor.”
 - “Students are forbidden from using any communication equipment such as a cell phone, computer programs or software, online resources or websites, or other aids

- unless authorized by the instructor; such authorization must be stated explicitly during the examination.”
 - “The only electronic device students can use is a non-graphing, non-programmable calculator.”
- Examinations in this course will be conducted using Zoom. You will be required to keep your camera on for the entire session, hold up your student card for identification purposes, and share your screen with the invigilator if asked to do so at any time during the exam. The exam session will not be recorded.*

More information about the use of Zoom for exam invigilation is available in the Online Proctoring Guidelines at the following link:

<https://www.uwo.ca/univsec/pdf/onlineproctorguidelines.pdf>

Completion of this course will require you to have a reliable internet connection and a device that meets the system requirements for Zoom. Information about the system requirements are available at the following link:

<https://support.zoom.us/hc/en-us>

* Please note that Zoom servers are located outside Canada. If you would prefer to use only your first name or a nickname to login to Zoom, please discuss this with your instructor in advance of the test or examination.

- I will conduct exam review sessions the next week after each examination.

Topics Covered:

This schedule may be adjusted based on time constraints.

Weeks 1-3

- A. Data: Basic Patterns of International Financial Transactions
 - i. Balance of Payments Accounting
 - ii. Global Financial Flows
- B. Current account determination
 - i. 2-period model of the current account in a small open economy
 - ii. Savings and investment in an open economy
 - iii. Responses to external shocks
 - iv. Fiscal deficits and the current account

Week 4-6

- C. Uncertainty and international risk sharing
- D. Financial market integration and market frictions

Weeks 7-9

- E. The allocation of capital across countries
- F. External debt and sovereign default risk

Weeks 9-12

- G. Real exchange rates and the terms of trade
- H. Monetary policy and nominal exchange rate determination.

Professionalism, Privacy and Copyright:

- Students are expected to follow the [Student Code of Conduct](#).
- All lectures and course materials, including slides, presentations, outlines, and similar materials, are protected by **copyright**. Students may take notes and make copies of course materials for their own educational purposes only.
- Students may not record lectures, reproduce (or allow others to reproduce), post or distribute lecture notes, assessments, or any other course materials publicly and/or for commercial purposes without written consent of the instructor.
- Recordings (audio or video) are not permitted without explicit, written permission of the instructor. Permitted recordings may not be distributed or shared.
- Students are expected to follow online etiquette expectations provided on OWL (*if applicable; otherwise delete this bullet point*)
- Students will be expected to take an academic integrity pledge before some assessments (*if applicable; otherwise delete this bullet point*) Some sessions may be recorded by the instructor. Recorded sessions will remain within the course site or be unlisted if streamed (*if applicable; otherwise delete this bullet point*)

Tips on How to Be Successful in this Class:

Students in this class should understand the level of autonomy and self-discipline required to be successful.

- Make it a daily habit to log onto OWL to ensure you have seen everything posted to help you succeed in this class.
- Follow weekly checklists created on OWL or create your own to help you stay on track.
- Treat this course as you would a face-to-face course. Take notes as you go through the lesson material. Keeping handwritten notes or notes in a regular Word document will help you learn more effectively than just reading or watching.
- Connect with others. Try forming an online study group and meet on a weekly basis for study and peer support.
- Do not be afraid to ask questions. If you have questions or are struggling with a topic, check the online discussion boards or contact your instructor(s) and or teaching assistant(s).

Please Note
Department & University Policies for 2020-2021

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

Academic Rights and Responsibilities: Students should be familiar with their “Academic Rights and Responsibilities” as outlined [here](#) in the Western Academic Calendar. Claiming that “you didn’t know what to do” is not an acceptable excuse for not following the stated procedures.

Guidelines and Policies for Students are posted online in the current Western Academic Calendar at <http://westerncalendar.uwo.ca>. Undergraduate information for the Faculty of Social Science can be found at: <https://www.ssc.uwo.ca/undergraduate/index.html> and for the Department of Economics at: <https://economics.uwo.ca/undergraduate/index.html>.

Rules of Conduct for Examinations: Students are expected to know the university’s Rules of Conduct for Examinations, available [here](#).

Cheating and Academic Offences: Students are responsible for understanding what it means to “cheat.” The Department of Economics treats cheating and other academic offences 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 Economics courses or programs. The University may impose further penalties such as suspension or expulsion.

Plagiarism: Plagiarism is an academic offence. Students must write their essays and assignments in their own words. Ideas/passages taken from another author must be referenced with footnotes or citations and acknowledged with quotation marks where appropriate. 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. See Scholastic Discipline for Undergraduate Students [here](#) in the Western Academic Calendar.

Academic Appeals: Students should refer to the Student Academic Appeals section [here](#) in the Western Academic Calendar. Please note the relevant deadlines.

Department Appeals Procedures: 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 submit a written appeal to the Undergraduate Director in Economics, stating the reasons for their appeal. Information on the Department of Economics’ appeals procedure and the appeals form are available [here](#).

Systematic Adjustments: Systematic adjustments of class grade distributions (either up or down) can occur in Economics courses. The systematic adjustment of a class grade distribution is **not** grounds for an appeal.

Add/drop deadlines:

Deadline to add a second term half course:

Deadline to drop a second term half course:

Tuesday January 19, 2021

Sunday March 14, 2021

Oversleeping or Misreading the Exam Schedule: Faculty of Social Science policy states that oversleeping or misreading the exam schedule is NOT grounds for a makeup. This rule applies to all exams in the Department of Economics.

End of Term Travel: Students must book travel arrangements AFTER final exam dates have been posted; travel is not an acceptable excuse for absence from a final exam.

Rewriting Exams and Retroactive Reweighting are NOT Permitted: Students who proceed to write a test or examination must be prepared to accept the mark. Rewriting tests or examinations, or retroactive reweighting of marks, is **not** permitted.

Accommodation Policies: Students with disabilities should work with Accessible Education (formerly SSD), which provides recommendations for accommodation based on medical documentation or psychological and cognitive testing. The accommodation policy can be found here: [Academic Accommodation for Students with Disabilities](#).

Academic Consideration for Missed Assessments/Exams due to Student Absence: Students will have up to two (2) opportunities during the regular academic year to receive academic consideration if they self-report a missed assessment using the online portal, provided the following conditions are met: the assessment is missed due to an absence of no more than 48 hours in duration, and the assessment for which consideration is being sought is worth 30% or less of the student's final grade. Students are expected to contact their instructors within 24 hours of the end of the period of the self-reported absence, unless noted otherwise on the syllabus. Students are not able to use the self-reporting option in the following circumstances:

- for exams scheduled by the Office of the Registrar (e.g., December and April exams)
- absence of a duration greater than 48 hours
- assessments worth more than 30% of the student's final grade
- if a student has already used the self-reporting portal twice during the academic year

If the conditions for a Self-Reported Absence are *not* met, students will need to provide a Student Medical Certificate (SMC) if the absence is medical or provide appropriate documentation if there are compassionate grounds for the absence in question. Students are encouraged to contact their Faculty academic counselling office for more information about the relevant documentation. It is strongly recommended that students notify the instructor as soon as possible, ideally before the assessment, when they become aware of an absence. University policy is that students must communicate with their instructors no later than 24 hours after the end of the period covered by the SMC or immediately upon their return from their documented absence. Failure to follow University policy and procedures may result in denial of academic accommodation and a grade of zero.

Individual instructors are not permitted to receive documentation directly from a student, whether in support of an application for consideration on medical grounds or for other reasons. **All required documentation for absences that are not covered by the Self-Reported Absence Policy must be submitted to the Academic Counselling office of a student's Home Faculty.**

For Western University policy on Consideration for Student Absence, see:
[Policy on Academic Consideration for Student Absences - Undergraduate Students in First Entry Programs.](#)

For the Student Medical Certificate (SMC), see:
http://www.uwo.ca/univsec/pdf/academic_policies/appeals/medicalform.pdf.

Religious Accommodation: Students should consult the University's list of recognized religious holidays and should give reasonable notice in writing, prior to the holiday, to the Instructor and an Academic Counsellor if their course requirements will be affected by a religious observance. Additional information is given in the [Western Multicultural Calendar](#).

Policy Regarding Class Attendance and Engagement: If the instructor deems a student's attendance or engagement in the class to be unsatisfactory, that student may be prohibited from writing the final examination. Examples of unsatisfactory class engagement include frequent absences from an in-person or synchronous online class, lack of assignment submissions, and inadequate use of online course materials. Instructors who intend to make use of this policy will notify the student in advance.

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.