

INTERNATIONAL FINANCE
ECONOMICS EC3353B-001
Western University

December 2022

Instructor: Juan Carlos Hatchondo Couture
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Office hours:

- Office hours will be held in SSC 4033 on Thursdays 11am-1pm.
- Students can sign up for online appointments by sending me an email.

Delivery mode: In-person.

Meeting time(s): Mondays 4:30-6:30
Wednesdays 5:30-6:30.

Classroom: SSC-2020

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/Antirequisite Note:

The prerequisite for this course is **Economics 2221A/B**.

The antirequisite(s) 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:

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 global determinants of interest rates and 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 understand the aggregate determinants of the trade balance, international capital flows, and asset prices such as the exchange rate and interest rate. This will require

- Solving 2-period intertemporal models of current account determination in open economies and studying the effects of various shocks and government policies.
- 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.
- Use models to guide the interpretation of data.

Textbook and Course Materials:

The required textbook for this course is Schmitt-Grohe, Uribe, and Woodford, “International Macroeconomics,” which is available in the bookstore.

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.

Topics Covered:

This schedule may be adjusted based on time constraints.

Weeks 1-4

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 5-7

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

Weeks 8-10

- E. Real exchange rates and the terms of trade
- F. Monetary policy and nominal exchange rate determination.

Weeks 11-12

- G. External debt and sovereign default risk

Assessments and Grading:

The course will have four homework assignments, class quizzes, a midterm 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.

There will be weekly quizzes. Some will be assigned online and some may be assigned in class. Quizzes will provide a first application of the material covered in the course, or be used to motivate the introduction of concepts. They will only be solved in class and there will be no solution posted. The scores on quizzes and your participation in class will determine your class-participation grade.

The midterm exam will be held during class time. The midterm and final are not cumulative. The material for the exams consists of the topics covered in class, any assigned readings and the material covered in the homework assignments. The format of the exams will consist of multiple-choice and filling-the-blank questions requiring understanding concepts and models, understanding how models can be used to interpret news, public discussions, and data. The duration of the midterm and final will be 90 minutes.

There will be no other source of marks in the course.

The distribution of the marks is as follows:

Midterm	35%
Homework assignments	15%
Class participation	15%
Final	35%

Tentative exam dates:

Midterm: February 13th

Final exam: Set by registrar

The exams will be conducted through the owl website. You can take them in the classroom or at home. If you are not in the classroom, you must have a camera pointing at you at all times. Otherwise, the exam will not be considered valid.

Exams are open book. During exams students are forbidden to communicate with any person other than an examination proctor or the instructor.

Policies regarding late homework submissions.

- Late assessments without documentation and timely notification to the instructor will be subject to a late penalty of 20%/day.
- Late assessments with illness self-reports must be submitted within 24 hours of submission of the last illness self-report.
- According to University policy, once a student opens and starts an online test, it is no longer permitted to use a self-reported absence.

For other assignments, see the 'Please Note' section of the course outline:

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.
- Students will be expected to take an academic integrity pledge before some assessments.
- Some sessions may be recorded by the instructor. Recorded sessions will remain within the course site or be unlisted if streamed

Tips on How to Be Successful in this Class:

- Read assigned readings before class.
- Participate in class and do not be afraid to ask questions.
- Connect with others. Try forming an online study group and meet on a weekly basis for study and peer support.

Please Note
Department & University Policies for Winter 2023

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, policies, and your academic rights and responsibilities** are posted online in the current Western Academic Calendar at: <http://westerncalendar.uwo.ca>. Claiming that “you didn’t know what to do” is not an acceptable excuse for not following the stated policies and procedures.
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 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 http://westerncalendar.uwo.ca/PolicyPages.cfm?Command=showCategory&PolicyCategoryID=1&SelectedCalendar=Live&ArchiveID=#Page_20).

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 to the instructor.
6. **Appeals:** University policies and procedures for appealing a mark can be found in the Student Academic Appeals section in the current Western Academic Calendar at: http://westerncalendar.uwo.ca/PolicyPages.cfm?Command=showCategory&PolicyCategoryID=1&SelectedCalendar=Live&ArchiveID=#Page_14. **Please note the relevant deadlines.**

Department of Economics procedures for appealing a mark can be found here: https://economics.uwo.ca/undergraduate/program_counselling/responsibilities_policies.html#appeals. 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 to submit an appeal to econugrd@uwo.ca. Please follow the instructions and use the appeal form shown in the above link.

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 add a second term half course: **Tuesday, January 17, 2023**
 - Deadline to drop a second term half course: **Tuesday, March 7, 2023**

Policy Regarding Makeup Tests and Final Examinations

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.

Policies Regarding Academic Accommodation

- 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. The Faculty of Social Science's policies on academic accommodation are found at https://counselling.ssc.uwo.ca/procedures/academic_consideration.html
- **Accommodation for Students with Disabilities:** Students with disabilities or accessibility challenges should work with Accessible Education (formerly SSD, see http://academicsupport.uwo.ca/accessible_education/index.html), 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](#).
- **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. 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 to the instructor, copying the Undergraduate Coordinator at econugrd@uwo.ca. **Notifying instructors of a missed exam does not automatically entitle students to a makeup.**

- For medical illnesses, 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/assessment. Student Medical Certificate (SMC) is available here:
https://www.uwo.ca/univsec/pdf/academic_policies/appeals/medicalform.pdf
- **Documentation for Accommodation:** 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.
- **Western University policy on Consideration for Student Absence** is available here:
https://counselling.ssc.uwo.ca/procedures/probation_rtw/appeals.html
- **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.

Statement on Remote Proctoring:

While Western intends to hold most classes, mid-terms and finals in-person, the London-Middlesex Health unity may require western to teach in a remote format. If this occurs, all assessments will be done remotely and may involve the use of remote proctoring software (i.e., Proctorio, ProctorTrack). Instructors will provide information on the details should the need arise.