

University of Western Ontario
Economics 2164A-001
International Finance

Syllabus

Schedule: Mon, Tue, Wed 2:00 PM - 4:00 PM (May 11 – June 19, 2009)

Room: SSC 3010

Instructor: Yao Li

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Office: SSC 4048

Office Hours: Tue & Wed 11:30 AM – 12:30 PM (these are official office hours if you have any questions please email me or make an appointment. Before each test/exam, I will hold some extra office hours. Time will be announced in class and on this website.)

Course Website: <http://economics.uwo.ca/undergraduate/summerschool/2164A001/>

Registration

You are responsible for ensuring you are registered in the correct courses. If you are not registered in a course, the Department will not release any of your marks until your registration is corrected. You may check your courses on the Registrar's Office website at www.registrar.uwo.ca (choose "personal timetable"). If you notice a problem, please contact your faculty academic counselor right away.

Prerequisite Note

The prerequisite for this course is Economics 2152A/B.

You are responsible for ensuring that you have successfully completed all course prerequisites, and that you have not taken an antirequisite course. 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 is a course in open economy macroeconomics that addresses three elements: *money, finance, and policy*. Hence, the course is organized as follows. (1) The first part will ask: *how exchange rates are determined and how currencies are exchanged*. We will see two different approaches: using the monetary approach for long run determination and the asset approach for short run determination. (2) The second part will examine the globalization of finance and ask: *who*

lends/borrows? Who benefits/loses? We will learn the balance of payments (BOP) and national income accounting; the relationship between the BOP, the nation's wealth and living standards in the long run; and the relationship between the BOP, exchange rates, and the demand for output in the short run. (3) The third part will discuss *the role of government*. We will cover fixed and flexible exchange rate regimes and their implications for macroeconomic policy.

Further discussions on a variety of current international finance issues might be undertaken. Topics may include the revaluation of the Renminbi, debt crisis and external imbalances and adjustment, subject to our class content adjustments when we go along.

Course Materials

The course has a main text: Robert C. Feenstra and Alan M. Taylor, *International Macroeconomics*, Worth 2008. (or the second part of *International Economics* by Feenstra and Taylor, Worth 2008) A text (and study guide package) is available at the bookstore.

I will also maintain a WebCT site (<http://webct.uwo.ca/>) that will be used to *post additional course material* as well as any details/announcements pertinent to the course. In particular, I will post review questions followed by the solutions that will be a good practice for you and will give you an idea of the questions that you should expect in the examinations. **All material posted on the WebCT is subject to examination on tests and exams.**

Attendance

All students are required to attend class. Material covered in class may serve as the basis for exam questions. Often the material covered in class is not covered in the text nor is it posted on WebCT. I will also distribute the relevant notes at the beginning of each class.

Assessment

There will be two term tests worth 25% each and a final exam worth 50%. The location and time of each test/exam as well as the date of the final exam will be announced in class and on this website. The term tests are modular and the final exam is comprehensive (covers the whole course). A non-graphing, non-programmable calculator may be used during exams. Exams are closed-book and other aids, including any notes, electronic or paper dictionaries, should not be used. Computer-marked multiple-choice tests and/or exams may be subject to submission for similarity review by software that will check for unusual coincidences in answer patterns that may indicate cheating. There will be no make-up midterm exams; however students missing a midterm exam with a documented and legitimate cause approved may be eligible for a reweighting of the remaining exams. See "Please Note" sheet for more details.

Important Dates

	Date	Time & Location	Weight
Midterm 1	Sat, May 23	TBA	25%
Midterm 2	Fri, June 5	TBA	25%
Final Exam	either June 22 or 23	TBA	50%

Course Outline

This is a TENTATIVE outline and minor adjustments may occur as the course progresses. I'll indicate in class and in the lecture notes if we're skipping some subsections within the chapters. Any changes will be announced in class, according to the pace as we proceed. All students are responsible of keeping abreast of any changes at all times.

Week 1 & 2	Ch. 2. Introduction to Exchange Rates and the Foreign Exchange Market Ch. 3. Exchange Rates I: The Monetary Approach in the Long Run Ch. 4. Exchange Rates II: The Asset Approach in the Short Run <i>Midterm 1</i>
Week 3 & 4	Ch. 5. Income, Wealth, and the Balance of Payments Ch. 6. The Gains from Financial Globalization Ch. 7. Output, Exchange Rates, and Macroeconomic Policies <i>Midterm 2</i>
Week 5 & 6	Ch. 8. Fixed Versus Floating: International Monetary Experience Ch. 11. Topics in International Macroeconomics
<i>Final</i>	<i>Good luck!</i>

Code of Conduct

The university takes cheating very seriously. Please read the note attached carefully and you are responsible to follow all the relevant policies by the University or Faculty/Department.

Civility Statements

The classroom is a special environment in which students and faculty come together to promote learning and growth. Any successful learning experience requires mutual respect on the part of the student and the instructor. Neither instructor nor student should be subject to others' behaviour that is rude, disruptive, intimidating, or demeaning.

Instructor responsibilities:

- Start and end class on time.
- Treat all students with courtesy and respect.
- Be open to constructive input from students in the course.
- Ensure that opportunities to participate are enjoyed equally by all students in the course.
- Contribute to a peaceful and inspiring learning environment.

Students should try their best as follows: to come to class on time, and refrain from packing up belongings before class ends; not to make noises that might create a disruption in class (e.g., keep your cell phone in vibration mode or turn it off); to give attention while either instructor or another student is speaking; to contribute to a peaceful and inspiring learning environment as well.

Please Note

Remember that the University expects all students to take responsibility for their own academic programs. Also remember to check your registration to make sure you are enrolled in the correct courses.

1. Guidelines and policies for the Faculty of Social Science and the Department of Economics are posted in the glass case near Social Science Room 4071.
2. Students must familiarize themselves with the “Rules of Conduct for Examinations.”
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 behaviour. 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 your official academic transcript, suspension or expulsion.
4. **Plagiarism:** Students must write their essays and assignments in their own words. Whenever students take an idea or a passage from another author, they must acknowledge it by using quotation marks where appropriate and referencing with footnotes or citations. Plagiarism is a major academic offence (see Scholastic Offence Policy in the current UWO Academic Calendar).

The University of Western Ontario uses software to check for plagiarism and students may be required to submit their written work in electronic form. Those found guilty will have penalties imposed as noted in point 3.

5. It is Department of Economics policy that **NO** assignments be dated, stamped or accepted by staff. Students are responsible for submitting assignments in class or to the instructor during office hours.
6. When appealing a mark, students should refer to the Departmental Procedures (<http://economics.uwo.ca/undergraduate/Appeal.pdf>) which is also in the current UWO Academic Calendar. Please note deadlines.

The Department Chair will not consider an appeal unless an attempt has been made to settle the matter first with your instructor. If, after discussion, you remain dissatisfied with a grade, you may proceed with a written appeal (e-mails are not acceptable) to the Department Chair stating reasons.

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

Last day to add a 0.5 first term or 1.0 Summer Evening course:	Friday, May 8, 2009
Last day to add a Distance Studies course:	Friday, May 8, 2009
Last day to add a Summer Intersession course:	Tuesday, May 12, 2009
Last day to drop a 0.5 first term or 1.0 Summer Evening course without penalty:	Friday, May 29, 2009
Last day to drop a Distance Studies course without penalty:	Friday, May 29, 2009
Last day to drop a Summer Intersession course without penalty:	Friday, May 21, 2009

9. Faculty of Social Science policy states that oversleeping or misreading an exam schedule is not an excuse for a make-up. This rule applies to all mid-term tests and final exams in the Department of Economics.

Policy Regarding Makeup Tests and Final Examinations

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

Students who seek a makeup test or examination must provide medical or other relevant verification that their absence from a regularly scheduled test or examination is beyond their control. Students are directed to fill out the Student Medical Certificate found here https://studentservices.uwo.ca/secure/medical_document.pdf If you decide to write a test or an examination, you must be prepared to accept the mark you earn. Rewriting tests or examinations, or having the value of the test or examination reweighted on a retroactive basis, is **not** permitted. Book airline flights after you know the dates of your final examinations. Airline flights must not conflict with test or final exams.

If you are requesting a makeup test or exam, unless medically incapable, notify your instructor by email or phone within **48 hours** of the date of the test or exam. Set up an appointment as soon as possible to meet personally with your instructor and provide documentation regarding the missed test or exam. **Notifying your instructor of a missed test or exam does not automatically entitle you to a makeup test.** Documentation must support your reasons. Failure to follow this procedure, or to provide supporting documentation, may result in denial of a request for academic accommodation or result in a grade of zero.

Midterm Tests: Documentation should be given to your instructor **prior** to the scheduled date of the test if at all possible. If the instructor is not available, you may leave a message with the Undergraduate Office (Social Science Room 4075). If your documentation is not acceptable, you will be given a zero for the missed test.

Final Examinations: Documentation should be given to the Academic Counselling Office of your *home* Faculty **as soon as possible (preferably within 48 hours)** if you know you may not be able to write your final examination on the scheduled day and time. Until you receive permission from your *home* Faculty Counsellor, your instructor, and the Department Chair, you will not be allowed to write a makeup examination. Failure to follow this procedure may result in an examination grade of zero.

NOTE – Even if approved from your *home* faculty Academic Counsellor, your instructor or Department Chair can deny your request if s/he does not agree that your reason for missing the examination is valid. Make-up final examinations, if permitted, will be written within one month of the end of the exam period.

Policies Regarding Academic Accommodation

Information about the Faculty of Social Science's policies regarding academic accommodation is found on its website at <http://counselling.ssc.uwo.ca/> (choose "having problems?") or in Social Science Room 2105. Your "Academic Rights and Responsibilities" are also outlined in the current UWO Calendar. Claiming that "you didn't know what to do" is not an acceptable excuse.

Policy Regarding Class Attendance

If your instructor views your class attendance as unsatisfactory, you can be debarred from writing the final examination. If there is intent to make use of this University policy, you will be warned in writing.