



Economics 3370A 550 HUC
International Finance (Fall 2021)

Instructor: Desmond McKeon, Assistant Professor

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Course schedule: Wednesday 1:30PM – 2:30 PM, Friday 1:30-3:30PM

Classroom: V208

Office Hours: By appointment

Course description

This is a course in open economy macroeconomics that focuses on international monetary economics. The course will examine how exchange rates are determined using the monetary approach for long run determination and the asset approach for short run determination.

In addition, the course will cover fixed and flexible exchange rate regimes and their implications for macroeconomic policy.

The global capital market and its role in international investment will also make up a significant portion of the course.

Further discussion on a variety of current international finance issues will be undertaken. Topics may include optimum currency areas, the on-shore versus off -shore Renminbi, debt crises and external imbalances and adjustment.

Course Materials

The course has a main text: Feenstra Robert C. and Alan M. Taylor, *International*

Macroeconomics Worth 2017. (Referred to as FT)

Supplementary text Uribe, Martin and Stephanie Schmitt-Grohe, *International*

Macroeconomics Columbia University 2016. (Referred to as USG)

Course Objectives

- Students will gain an understanding of the workings of foreign exchange markets.
- Students will be able to read and evaluate policy statements that may affect the flow of capital around the world
- For students considering a career in banking or financial management, this course will provide an introduction to the mechanics of international finance.
- Students will be able to critically analyze the importance of open capital markets to economic growth.

Lectures

Lectures will be held in-class and in-person. Attendance is required.

Announcements / Assignments/ Quizzes

Assessment	Percentage of Grade
Test I	25%
Test II	25%
Exchange Rate Project	10%
Participation/Quizzes/Assignments	10%
Presentation	30%

Exchange Rate Report and Presentations

Each student will follow a currency and report twice during the term on its price movements and the causes for changes in its value. This requirement may be done in teams of three if students prefer. Details of this requirement will be given during the first lecture.

The presentation consists of selecting, summarizing and reporting on a journal article. The rationale for the assignment is to provide experience in reading professional/academic articles in international finance. This skill is essential for graduate study or for a professional career.

The presentation consists of two parts. The first part is a written submission containing a summary of the article, explaining its salient points. The second part consists of presenting the summarized version to the class

Your choice of article must come from a mainstream professional journal or from a handbook or other source of collected works.

Your choice of article must be approved by the instructor. Failure to get approval may result in the assignment not being accepted.

You may work as a team of three people (recommended). The team option is highly recommended. Reading and understanding journal articles is difficult and often having partners in this exercise make the task more manageable.

Course Outline

This is a TENTATIVE outline. Topics may be deleted from this list or taken up in a different sequence. Additional topics may be added as the course progresses. It is the sole responsibility of the student to remain abreast of any changes at all times. Changes will be announced during the lectures and posted in “Announcements”.

Introduction to Exchange Rates and the Foreign Exchange Market.....	FT Ch. 2
International Capital Market Integration.....	USG Ch. 8
Exchange Rates I: The Monetary Approach in the Long Run.....	FT Ch. 3
Exchange Rates II: The Asset Approach in the Short Run.....	FT Ch. 4
Income, Wealth, and the Balance of Payments.....	FT Ch. 5
The Gains from Financial Globalization.....	FT Ch. 6
A Theory of Current Account Sustainability	USG Ch.2
Current Account Determination in a Production Economy.....	USG Ch. 3,4
External Adjustment in Small and Large Economies.....	USG Ch. 6
International Capital Market Integration.....	USG Ch. 8
Determinants of the Real Exchange Rate.....	USG Ch. 9
Changes in Aggregate Spending and the Real Exchange Rate: The TNT Model.....	USG Ch.10
Monetary Policy and Nominal Exchange Rate Determination	USG Ch.13
Output, Exchange Rates, and Macroeconomic Policies.....	FT Ch. 7
Fixed Versus Floating: International Monetary Experience.....	FT Ch. 8,
Topics in International Macroeconomics.....	FT Ch. 10, 11 USG Ch.12

Dates

Assessment	Date
Test I	October 8, 2021
Test II	November 17, 2021
Exchange Rate Report 1	October 30, 2021
Exchange Rate Report 2	November 30, 2021
Presentations	Nov. 22-Dec.8

Please note – there are no makeups given for missed class tests or quizzes.

If proper procedures are followed and relief for a missed test has been granted, the marks for the missed test will be reallocated. To repeat: it is not possible to have makeup tests or quizzes.



Appendix to Course Outlines: Academic Policies & Regulations 2021 - 2022

Prerequisite and Antirequisite Information

Students are responsible for ensuring that they have successfully completed all course prerequisites and that they have not completed any course antirequisites. Unless you have either the requisites for this course or written special permission from your Dean to enroll in it, you may be removed from this course and it will be deleted from your record. This decision may not be appealed. You will receive no adjustment to your fees in the event that you are dropped from a course for failing to have the necessary prerequisites.

Pandemic Contingency

In the event of a COVID-19 resurgence during the course that necessitates the course delivery moving away from face-to-face interaction, all remaining course content will be delivered entirely online, typically using a combination of synchronous instruction (i.e., at the times indicated in the timetable) and asynchronous material (e.g., posted on OWL for students to view at their convenience). Any remaining assessments will also be conducted online at the discretion of the course instructor. In the unlikely event that changes to the grading scheme are necessary, these changes will be clearly communicated as soon as possible.

Student Code of Conduct

Membership in the community of Huron University College and Western University implies acceptance by every student of the principle of respect for the rights, responsibilities, dignity and well-being of others and a readiness to support an environment conducive to the intellectual and personal growth of all who study, work and live within it. Upon registration, students assume the responsibilities that such registration entails. While in the physical or online classroom, students

are expected to behave in a manner that supports the learning environment of others. Please review the Student Code of Conduct at:

<https://huronatwestern.ca/sites/default/files/Res%20Life/Student%20Code%20of%20Conduct%20-%20Revised%20September%202019.pdf>.

Attendance Regulations for Examinations

A student is entitled to be examined in courses in which registration is maintained, subject to the following limitations:

- 1) A student may be debarred from writing the final examination for failure to maintain satisfactory academic standing throughout the year.
- 2) Any student who, in the opinion of the instructor, is absent too frequently from class or laboratory periods in any course will be reported to the Dean of the Faculty offering the course (after due warning has been given). On the recommendation of the Department concerned, and with the permission of the Dean of that Faculty, the student will be debarred from taking the regular examination in the course. The Dean of the Faculty offering the course will communicate that decision to the Dean of the Faculty of registration.

Review the policy on Attendance Regulations for Examinations here:

https://www.uwo.ca/univsec/pdf/academic_policies/exam/attendance.pdf.

Statement on Academic Offences

Scholastic offences are taken seriously and students are directed to read the appropriate policy, specifically, the definition of what constitutes a Scholastic Offence, at the following website:

https://www.uwo.ca/univsec/pdf/academic_policies/appeals/scholastic_discipline_undergrad.pdf.

The appeals process is also outlined in this policy as well as more generally at the following website: https://www.uwo.ca/univsec/pdf/academic_policies/appeals/appealsundergrad.pdf.

Turnitin.com

All required papers may be subject to submission for textual similarity review to the commercial plagiarism detection software under license to the University for the detection of plagiarism. All papers submitted for such checking will be included as source documents in the reference database for the purpose of detecting plagiarism of papers subsequently submitted to the system. Use of the service is subject to the licensing agreement, currently between The University of Western Ontario and Turnitin.com (<http://www.turnitin.com>).

Statement on Use of Electronic Devices

It is not appropriate to use electronic devices (such as, but not limited to, laptops, cell phones) in the classroom for non-classroom activities. Such activity is disruptive and distracting to other students and to the instructor, and can inhibit learning. Students are expected to respect the classroom environment and to refrain from inappropriate use of technology and other electronic devices in class.

Statement on Use of Personal Response Systems (“Clickers”)

Personal Response Systems (“clickers”) may be used in some classes. If clickers are to be used in a class, it is the responsibility of the student to ensure that the device is activated and functional. Students must see their instructor if they have any concerns about whether the clicker is malfunctioning. Students must use only their own clicker. If clicker records are used to compute a portion of the course grade:

- the use of somebody else's clicker in class constitutes a scholastic offence
- the possession of a clicker belonging to another student will be interpreted as an attempt to commit a scholastic offence.

Academic Consideration for Missed Work

Students who are seeking academic consideration for missed work during the semester may submit a self-reported absence form online provided that the absence is **48 hours or less** and the other conditions specified in the Senate policy at https://www.uwo.ca/univsec/pdf/academic_policies/appeals/accommodation_illness.pdf are met.

Students whose absences are expected to last **longer than 48 hours**, or where the other conditions detailed in the policy are not met (e.g., work is worth more than 30% of the final grade, the student has already used 2 self-reported absences, the absence is during the final exam period), may receive academic consideration by submitting a Student Medical Certificate (for illness) or other appropriate documentation (for compassionate grounds). The Student Medical Certificate is available online at https://www.uwo.ca/univsec/pdf/academic_policies/appeals/medicalform.pdf.

All students pursuing academic consideration, regardless of type, must contact their instructors no less than 24 hours following the end of the period of absence to clarify how they will be expected to fulfill the academic responsibilities missed during their absence. **Students are reminded that they should consider carefully the implications of postponing tests or midterm exams or delaying submission of work, and are encouraged to make appropriate decisions based on their specific circumstances.**

Students who have conditions for which academic accommodation is appropriate, such as disabilities or ongoing or chronic health conditions, should work with Accessible Education Services to determine appropriate forms of accommodation. Further details concerning policies and procedures may be found at: <http://academicsupport.uwo.ca/>.

Policy on Academic Consideration for a Medical/ Non-Medical Absence

(a) Consideration on Medical Grounds for assignments worth *less than 10%* of final grade: Consult Instructor Directly and Contact Academic Advising

When seeking consideration on **medical grounds** for assignments worth *less than 10%* of the final course grade, and if the student has exceeded the maximum number of permissible Self-Reported absences, the student should contact the instructor directly. The student need only share broad outlines of the medical situation. The instructor **may** require the student to submit documentation to the academic advisors, in which case she or he will advise the student and inform the academic advisors to expect documentation. If documentation is requested, the student will need to complete and submit the [Student Medical Certificate](#). The instructor may **not** collect medical documentation. The advisors will contact the instructor when the medical documentation is received, and will outline the severity and duration of the medical challenge as expressed on the Student Medical Certificate and in any other supporting documentation. The student will be informed that the instructor has been notified of the presence of medical documentation, and will be instructed to work as quickly as possible with the instructor on an agreement for accommodation.

(b) Consideration on Non-Medical Grounds: Consult Huron Support Services/Academic Advising, or email huronsss@uwo.ca.

Students seeking academic consideration for a **non-medical** absence (e.g. varsity sports, religious, compassionate, or bereavement) will be required to provide appropriate documentation where the conditions for a Self-Reported Absence have not been met, including where the student has exceeded the maximum number of permissible Self-Reported. All consideration requests must include a completed [Consideration Request Form](#). Late penalties may apply at the discretion of the instructor.

Please review the full policy on Academic Consideration for medical and non-medical absence at: https://www.uwo.ca/univsec/pdf/academic_policies/appeals/accommodation_illness.pdf. Consult [Huron Academic Advising](#) at hurousss@uwo.ca for any further questions or information.

Support Services

For advice on course selections, degree requirements, and for assistance with requests for medical accommodation, students should email an Academic Advisor in Huron's Student Support Services at hurousss@uwo.ca. An outline of the range of services offered is found on the Huron website at: <https://huronatwestern.ca/student-life/student-services/>.

Department Chairs, Program Directors and Coordinators are also able to answer questions about individual programs. Contact information can be found on the Huron website at: <https://huronatwestern.ca/contact/faculty-staff-directory/>.

If you think that you are too far behind to catch up or that your workload is not manageable, you should consult your Academic Advisor. If you are considering reducing your workload by dropping one or more courses, this must be done by the appropriate deadlines. Please refer to the Advising website, <https://huronatwestern.ca/student-life/student-services/academic-advising/> or review the list of official Sessional Dates on the Academic Calendar, available here: <http://www.westerncalendar.uwo.ca/SessionalDates.cfm>.

You should consult with the course instructor and the Academic Advisor who can help you consider alternatives to dropping one or more courses. Note that dropping a course may affect OSAP and/or Scholarship/Bursary eligibility.

Huron Student Support Services: <https://huronatwestern.ca/student-life/student-services/>
Office of the Registrar: <https://registrar.uwo.ca/>
Student Quick Reference Guide: <https://huronatwestern.ca/student-life/student-services/#1>
Academic Support & Engagement: <http://academicsupport.uwo.ca/>
Huron University College Student Council: <https://huronatwestern.ca/student-life/beyond-classroom/hucsc/>
Western USC: <http://westernusc.ca/your-services/#studentservices>

Mental Health & Wellness Support at Huron and Western

University students may encounter setbacks from time to time that can impact academic performance. Huron offers a variety of services that are here to support your success and wellbeing. Please visit <https://huronatwestern.ca/student-life-campus/student-services/wellness-safety> for more information or contact staff directly:

Wellness Services: hurouwellness@huron.uwo.ca
Community Safety Office: safety@huron.uwo.ca
Chaplaincy: gthorne@huron.uwo.ca

Additional supports for Health and Wellness may be found and accessed at Western through, <https://www.uwo.ca/health/>.