

ECON 3H03: International Monetary Economics

Fall 2018

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Office Hours: Tue & Fri (12:30 – 1:30 pm)

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COURSE DESCRIPTION

This course presents International Monetary Economics theory and applies it towards gaining an understanding of recent events and current policy issues. The theory presented in this course covers a broad range of topics including exchange rate determination, monetary, and fiscal policy in an open economy, balance of payments crises, the choice of exchange rate systems, and international debt. The insights provided by these theoretical frameworks will enable us to discuss topics such as current account deficits and global financial imbalances, the Chinese exchange

rate regime, proposed changes in the international financial architecture, the single currency in Europe, the Asian and Argentine financial crises, and the role of international factors on a nation's employment, wage, and economic performance.

PREREQUISITES

ECON 2H03

COURSE CONTENT

- The Global Macroeconomy (chapter 1)
- Introduction to Exchange Rates and Foreign Exchange Market (chapter 2)
- Exchange Rates I: The Monetary Approach in the Long Run (chapter 3)
- Exchange Rates II: The Asset Approach in the Short Run (chapter 4)
- National and International Accounts: Income, Wealth and Balance of Payments (chapter 5)
- Balance of Payments I: Gains from Globalization (chapter 6)
- Balance of Payments II: Output, Exchange Rates, and Macro Policies in the Short Run (chapter 7)
- Fixed vs. Floating: International Monetary Experience (chapter 8)
- Exchange Rate Crises (chapter 9)
- The Euro (chapter 10)
- Topics in International Macroeconomics (chapter 11)

CLASS FORMAT

Students are expected to come to class and to participate in various ways to the lectures, either by asking questions, by pointing out errors on the slides, or by answering the questions I will ask during the lectures.

While I will try my best to post on Avenue to Learn announcements made in class, there might be a lag in posting the information. The instructor takes no responsibility for any adverse effects students may experience because of his omission to post on Avenue to Learn an announcement made in class.

Most of the time, I will deliver my lectures using slides (distributed through Avenue to Learn) and use the blackboard/whiteboard. The slides are not lecture notes. They are mainly providing outlines of what will be discussed in class. I will set the lecturing pace based on the assumption that you have copies of the slides with you in class.

A reading schedule is posted on Avenue to Learn. Students are assumed to have read the material ahead of the lectures. Students should NOT expect me to talk about every single textbook page. The lectures will focus on the most important and challenging parts of the material. More basic material will be left for the students to study on their own. I will refer to this more basic material in the lectures, hence the need to read ahead to understand the lectures.

COURSE MATERIALS AND TEXTS

Feenstra, Robert C. and Alan M. Taylor, "International Macroeconomics" 3rd edition, Worth Publishers, 2014.

AVENUE TO LEARN

In this course we will be using Avenue to Learn. Students should be aware that, when they access the electronic components of this course, private information such as first and last names, user names for the McMaster e-mail accounts, and program affiliation may become apparent to all other students in the same course. The available information is dependent on the technology used. Continuation in this course will be deemed consent to this disclosure. If you have any questions or concerns about such disclosure, please discuss this with the course instructor.

Here are some of the items you will find on the course web page:

- Office hours of the instructor
- Reading schedule
- Slides
- Problem Sets
- Solutions of selected problems in the textbook
- Some handouts/lecture notes
- Grades

COURSE EVALUATION

- Your final grade (FG) will depend on your performance on the following assessments: two problem sets (PS), two midterm exams (ME), and a final exam (FE).
- PS_1 is due on **September 28th Friday**. PS_2 is due on **November 9th Friday**. Both problem sets should be handed in at the beginning of the class. They are individual.
- The ME_1 is scheduled for **October 5th Friday** and ME_2 is scheduled for **November 16th Friday**. Locations to be determined.
- The date for the final exam (FE) is still to be determined by the University and will be announced to you as soon as it becomes public.
- All midterms and final exams are **individual and closed-book**.
- Your grade for the course will be calculated as follows:

$$FG = 0.05 * PS_1 + 0.05 * PS_2 + 0.30 * \max\{ME_1, FE\} + 0.30 * \max\{ME_2, FE\} + 0.30 * FE$$

- There will be no makeup problem sets or makeup exams.
- There will be no extensions of deadlines nor opportunities for bonus points.
- MSAFs: students that miss an assessment (and can provide the appropriate documentation) will have the weight transferred to the final exam (FE). Therefore, there is no "gain" in using MSAFs for this course.
- It is mandatory that students bring their McMaster student ID card to the midterm and the final exams.

- A student who does not respect the time limits during a test will get a 10 percent penalty on that test.
- Method of evaluation for midterm and final exams: short-answer questions, numerical calculations, mathematical derivations, true-false, multiple choice, and fill-in-the-blank questions
- Method of evaluation for problem sets: primarily true-false, multiple choice, and fill-in-the-blank questions; secondarily: numerical calculations.
- Tests will be marked by the TA according to my instructions. If you want clarifications about the marking of a test or assignment, please contact the TA first and then contact me if you were unable to resolve your problem with him/her. Marking guidelines provided to the TA will be posted on Avenue to Learn.
- Your grades on problem sets and exams will be posted on Avenue to Learn. Please immediately report to the instructor any discrepancy between the posted and actual grades.

COURSE POLICIES

Grades

Grades will be based on the McMaster University grading scale:

MARK	GRADE
90-100	A+
85-89	A
80-84	A-
77-79	B+
73-76	B
70-72	B-
67-69	C+
63-66	C
60-62	C-
57-59	D+
53-56	D
50-52	D-
0-49	F

Calculators

Only the McMaster University standard calculator (the Casio FX-991) is permitted for the midterms and final exam

UNIVERSITY POLICIES

Academic Integrity Statement

You are expected to exhibit honesty and use ethical behavior in all aspects of the learning process. Academic credentials you earn are rooted in principles of honesty and academic integrity.

Academic dishonesty is to knowingly act or fail to act in a way that results or could result in unearned academic credit or advantage. This behavior can result in serious consequences, e.g. the grade of zero on an assignment, loss of credit with a notation on the transcript (notation reads: "Grade of F assigned for academic dishonesty"), and/or suspension or expulsion from the university.

It is your responsibility to understand what constitutes academic dishonesty. For information on the various types of academic dishonesty please refer to the [Academic Integrity Policy](#).

The following illustrates only three forms of academic dishonesty:

1. Plagiarism, e.g. the submission of work that is not one's own or for which credit has been obtained.
2. Improper collaboration in group work.
3. Copying or using unauthorized aids in tests and examinations.

Academic Accommodation of Students with Disabilities

Students who require academic accommodation must contact Student Accessibility Services (SAS) to make arrangements. Academic accommodations must be arranged before classes or academic work begins, and for each term of study. Student Accessibility Services can be contacted by phone 905-525-9140 ext. 28652 or e-mail sas@mcmaster.ca. For further information, consult McMaster University's Policy for [Academic Accommodation of Students with Disabilities](#).

Academic Accommodation for Religious, Indigenous and Spiritual Observances

Students who require academic accommodation due to an Observance must submit a RISO form to their Faculty office, electronically or in person, normally within ten working days from the beginning of each term in which they are anticipating a need for Accommodation. For further information, consult McMaster University's [Policy on Academic Accommodation for Religious, Indigenous and Spiritual Observances](#).

Faculty of Social Sciences E-mail Communication Policy

Effective September 1, 2010, it is the policy of the Faculty of Social Sciences that all e-mail communication sent from students to instructors (including TAs), and from students to staff, must originate from the student's own McMaster University e-mail account. This policy protects confidentiality and confirms the identity of the student. It is the student's responsibility to ensure that communication is sent to the university from a McMaster account. If an instructor becomes aware that a communication has come from an alternate address, the instructor may not reply at his or her discretion.

Course Modification

The instructor and university reserve the right to modify elements of the course during the term. The university may change the dates and deadlines for any or all courses in extreme circumstances. If either type of modification becomes necessary, reasonable notice and communication with the students will be given with explanation and the opportunity to comment on changes. It is the responsibility of the student to check his/her McMaster email and course websites weekly during the term and to note any changes.