

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

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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.