

Carleton University
Department of Economics

International Monetary Problems
ECON 3602
Early Summer 2023 (May-June)

Instructor: Rashid Nikzad

Email: Rashid.Nikzad@carleton.ca

Time: Tuesdays and Thursdays, 18:05–20:55

Classroom: ONLINE Combined Synchronous/Asynchronous

TA: TBD

Office hours: TBD, or by appointment (online)

Course Description

This course is an introduction to open economy macroeconomics and international finance. The focus of the course is to develop simple macroeconomic models of open economies that can be usefully applied to international economic issues. The course covers concepts such as the nominal exchange rate, balance of payments, the current and capital accounts, the determination of exchange rates, the effect of fiscal and monetary policies under different exchange rate regimes, balance of payment crisis, international macroeconomic dependence, financial globalization and the international monetary system.

Course Delivery: The course will be offered online. Course slides and a set of pre-recorded lectures that explain the slides will be posted weekly on Brightspace. More information will be provided in the first session.

Prerequisite: ECON 1001 and ECON 1002, or ECON 1000 or FYSM 1003 with a minimum grade of D-. Students who believe they have taken a similar background course or courses from another university must provide appropriate documentation to the Department of Economics Undergraduate Administrator.

Preclusions: Credit will not be given if taken concurrently with or after ECON 4602 (International Monetary Theory and Policy). Precludes additional credit for ECON 3600 (Introduction to International Economics).

Textbooks

(Required) Robert C. Feenstra and Alan M. Taylor, *International Macroeconomics*, Worth Publishers, 5th edition.

Note: Students may also use older versions of the textbook.

(Recommended) Paul Krugman, Maurice Obstfeld and Marc Melitz, *International Finance: Theory and Policy*, 11th edition, Pearson, 2018 (this book is the same as Paul Krugman, Maurice Obstfeld and Marc Melitz, *International Economics: Theory and Policy*, 11th edition, Pearson, 2018, Chapters 14-22).

Students may purchase the textbooks from the CU bookstore. Students may also access the electronic version of the textbook via the textbook publisher's website and amazon.

Course Structure

Session 1:

- Introduction
- The Global Macroeconomy (Chapter 1)

Session 2: Introduction to Exchange Rates and the Foreign Exchange Market (Chapter 2)

Session 3: Exchange Rates I: The Monetary Approach in the Long Run (Chapter 3)

Session 4:

- Exchange Rates I: The Monetary Approach in the Long Run (Chapter 3) (continued)
- Exchange Rates II: The Asset Approach in the Short Run (Chapter 4)

Session 5: Exchange Rates II: The Asset Approach in the Short Run (Chapter 4) (continued)

Session 6: National and International Accounts: Income, Wealth, and the Balance of Payments (Chapter 5)

Session 8: The Balance of Payment II: Output, Exchange Rates, and Macroeconomic Policies in the Short Run (Chapter 7) - Part 1

Session 8: Midterm

Sessions 9: The Balance of Payment II: Output, Exchange Rates, and Macroeconomic Policies in the Short Run (Chapter 7) - Part 2

Session 10:

- Balance of Payments I: The Gains from Financial Globalization (Chapter 6)
- Fixed Versus Floating: International Monetary Experience (Chapter 8)

Session 11: Exchange Rate Crises (Chapter 9)

Session 12: The Euro (Chapter 10)

Session 13: Review and Q&A

Lecture notes, announcements, due dates and other information will be posted on Brightspace. Students are responsible for regularly checking Brightspace to ensure that have access to posted documents and that they are up to date with any announcements.

Disclaimer: Please note that modifications/additions may be made to the list of readings. Any such modifications will be announced in a timely fashion in class. Please check the updated weekly schedule at Brightspace.

Course Evaluation

Assignment 1: 10% (Due on May 23, 11:59 pm)

Assignment 2: 10% (Due on June 15, 11:59 pm)

Midterm Exam: 35% (during Session 8, May 30)

Final Exam: 45% (Online during the exam period as scheduled by the university)

The assignments will consist of several questions and problems. The assignments must be submitted online on Brightspace by the due dates. Late assignments will not be accepted and will receive a grade of zero unless a compelling reason (doctor note, etc.) is provided. In this case, the weight of the assignment will be transferred to the final exam.

The midterm covers the material presented in sessions 1-6. The final exam is cumulative. Students will receive a grade of zero if they miss the midterm exam unless they provide a compelling reason (doctor note, etc.). If the compelling reason is accepted the weight of the midterm will be transferred to the final exam so that the weight of the midterm and final exam become 0% and 80% respectively. No deferred midterm will be offered.

Please note that tests and examinations given online in this course may use e-Proctoring, a remote proctoring service provided by Scheduling and Examination Services. More information may be obtained at <https://carleton.ca/ses/e-proctoring/>.

University Policies

Academic Integrity: Please be aware that all work submitted as requirements of this course must be both your own work and original to this course. Students should consult Section 14 of the Faculty of Graduate Studies Calendar, General Regulations concerning academic integrity and instructional offences.

Plagiarism: Please be aware that plagiarism is serious offence at Carleton and should be recognized and avoided. For information, please refer to "[Academic Integrity Policy](#)."

Course grades: Standing in a course is determined by the course instructor subject to the approval of the Faculty Dean. This means that grades submitted by the instructor may be subject to revision. No grades are final until they have been approved by the Dean. Application to write a deferred final examination must be made at the Registrar's Office.

Final exam: Failure to write the final examination when the student has achieved satisfactory performance during the term will result in a grade of 'F' until an appeal to write the deferred final exam is granted. A change of grade will be submitted when the deferred final exam has been written and the marks are available. See Academic Regulation 2.3 for the official meanings of the grades. Application to write a deferred final examination must be made at the Registrar's Office in writing no later than three working days after the original final examination.

Students who are unable to complete term work on time, or unable to complete final assignments on time, must work with their instructor to obtain an alternative arrangement. The Registrar cannot defer term work and final term work. In all cases, formative evaluations providing feedback to the student should be replaced with formative evaluations. In the event the altered due date must extend beyond the

last day of classes in the term, the instructor will assign a grade of zero for the work not submitted and submit the student's earned grade accordingly; the instructor may submit a change of grade at a later date.

Requests for Academic Accommodation: You may need special arrangements to meet your academic obligations during the term. For an accommodation request, the processes are as follows:

Pregnancy obligation: Please contact your instructor with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. For more details, visit the [Equity Services website](#).

Religious obligation: Please contact your instructor with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. For more details, visit the [Equity Services website](#).

Academic Accommodations for Students with Disabilities: If you have a documented disability requiring academic accommodations in this course, please contact the Paul Menton Centre for Students with Disabilities (PMC) at 613-520-6608 or pmc@carleton.ca for a formal evaluation or contact your PMC coordinator to send your instructor your Letter of Accommodation at the beginning of the term. You must also contact the PMC no later than two weeks before the first in-class scheduled test or exam requiring accommodation (if applicable). After requesting accommodation from PMC, meet with your instructor as soon as possible to ensure accommodation arrangements are made. For more details, visit the [Paul Menton Centre website](#).

Survivors of Sexual Violence: As a community, Carleton University is committed to maintaining a positive learning, working and living environment where sexual violence will not be tolerated, and where survivors are supported through academic accommodations as per Carleton's Sexual Violence Policy. For more information about the services available at the university and to obtain information about sexual violence and/or support, visit: carleton.ca/sexual-violence-support.

Accommodation for Student Activities: Carleton University recognizes the substantial benefits, both to the individual student and for the university, that result from a student participating in activities beyond the classroom experience. Reasonable accommodation must be provided to students who compete or perform at the national or international level. Please contact your instructor with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. For more details, see [the policy](#).

For more information on academic accommodation, please contact the departmental administrator or visit: students.carleton.ca/course-outline.

Special Information for Pandemic Measures: It is important to remember that COVID is still present in Ottawa. The situation can change at any time and the risks of new variants and outbreaks are very real. There are [a number of actions you can take](#) to lower your risk and the risk you pose to those around you including being vaccinated, wearing a mask, staying home when you're sick, washing your hands and maintaining proper respiratory and cough etiquette.

Feeling sick? Remaining vigilant and not attending work or school when sick or with symptoms is critically important. If you feel ill or exhibit COVID-19 symptoms do not come to class or campus. If you feel ill or exhibit symptoms while on campus or in class, please leave campus immediately. In all situations, you must follow Carleton's [symptom reporting protocols](#).

Masks: Carleton has paused the [COVID-19 Mask Policy](#), but continues to strongly recommend masking when indoors, particularly if physical distancing cannot be maintained. It may become necessary to quickly reinstate the mask requirement if pandemic circumstances were to change.

Vaccines: Further, while proof of vaccination is no longer required as of May 1 to attend campus or in-person activity, it may become necessary for the University to bring back proof of vaccination requirements on short notice if the situation and public health advice changes. Students are strongly encouraged to get a full course of vaccination, including booster doses as soon as they are eligible, and submit their booster dose information in [cuScreen](#) as soon as possible. Please note that Carleton cannot guarantee that it will be able to offer virtual or hybrid learning options for those who are unable to attend the campus.

All members of the Carleton community are required to follow requirements and guidelines regarding health and safety which may change from time to time. For the most recent information about Carleton's COVID-19 response and health and safety requirements please see the [University's COVID-19 website](#) and review the [Frequently Asked Questions \(FAQs\)](#). Should you have additional questions after reviewing, please contact covidinfo@carleton.ca.