

**CARLETON UNIVERSITY**  
**Department of Economics**  
**International Monetary Problems**  
**ECON 3602 A – 2020 Winter**

**COURSE INFORMATION**

**Lectures:** Tuesdays 11:35-14:25

**Location:** UC 282

**Office Hours:** Tuesday 10:15-11:15 am; or by appointment (via **cuLearn** mail service)

**CONTACT INFORMATION**

**Professor:** Raul Razo-Garcia

**Office:** A-804 Loeb Building

**Course Website:** The course web site will be hosted by **cuLearn**. All email communication will be conducted via the **cuLearn** facility.

**Prerequisite:** ECON 1001 and ECON 1002, or Econ 1000, or FYSM 1003 (Introduction to Economics). 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:** This course precludes additional credit for ECON 3600 (Introduction to International Economics). Credit will not be given if taken concurrently with or after ECON 4602 (International Monetary Theory and Policy).

**Course Content Copyright:** Classroom teaching and learning activities, including lectures, discussions, presentations, etc., by both instructors and students, are copy protected and remain the intellectual property of their respective author(s). All course materials, including PowerPoint presentations, outlines, and other materials, are also protected by copyright and remain the intellectual property of their respective author(s). Students registered in the course may take notes and make copies of course materials for their own educational use only. Students are not permitted to reproduce or distribute lecture notes and course materials publicly for commercial or non-commercial purposes without express written consent from the copyright holder(s).

**Required Textbook:**

Paul Krugman, Maurice Obstfeld and Marc Melitz, *International Economics: Theory and Policy*, 11<sup>th</sup> edition, Pearson, 2018.<sup>1</sup>

**OVERVIEW OF THE COURSE:**

This course is an introduction to open economy macroeconomics and international finance. The main objective of the course is to develop simple macroeconomic models for small open economies that can be usefully applied to international economic phenomena. We will study concepts such as the 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

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<sup>1</sup>Note that this is the same textbook required in Econ 3601 (Introduction to International Trade). If you are not taking and you are not planning to take Econ 3601, there is another version of the textbook *International Finance: Theory and Policy*, 11<sup>th</sup> edition, Pearson, 2018 that might be less expensive than the full edition.

system. Recent issues such as the persistence of US current account deficits and China's exchange rate policy will receive particular attention. The course will use simple algebra and some calculus. The following chapters will be covered from the required textbook (Krugman, Obstfeld and Melitz):

**Chapter 14:** Exchange Rates and the Foreign Exchange Market: An Asset Approach

**Chapter 15:** Money, Interest Rates and Exchange Rates

**Chapter 16:** Price Levels and the Exchange Rate in the Long Run

**Chapter 17:** Output and the Exchange Rate in the Short Run

**Chapter 18:** Fixed Exchange Rates and Foreign Exchange Intervention

**Chapter 20:** Financial Globalization: Opportunity and Crisis

**Chapter 21:** Optimum Currency Areas and the Euro

**Chapter 22:** Developing Countries: Growth, Crisis, and Reform (if time permits)

**Disclaimer:** I may make modifications/additions to the list of readings. Any such modifications will be announced in a timely fashion in class.

**Teaching Assistants:** If a teaching assistant is assigned to this class, she/he will hold weekly office hours (the time and location will be posted on **cuLearn**). In office hours the teaching assistant can discuss the solutions to the assignments and review material as a preparation for upcoming exams. Lectures move quickly. Office hours are a key part of learning the material.

## **GRADING POLICY:**

Your final grade will be obtained as follows:

**Final Grade**=MAX{SCHEME A,SCHEME B} where SCHEME A and B are defined as follows:

### **SCHEME A:**

- Assignment 1: **6%** (February 4<sup>th</sup>) tentative
- Assignment 2: **6%** (February 25<sup>th</sup>) tentative
- Assignment 3: **6%** (March 24<sup>th</sup>) tentative
- Assignment 4: **6%** (April 7<sup>th</sup>) tentative
- Midterm Exam: **30%** (March 3<sup>rd</sup>)
- Final Exam: **46%** (during the April Exam Period as Scheduled by the University)

### **SCHEME B:**

- Assignment 1: **6%** (February 4<sup>th</sup>) tentative
- Assignment 2: **6%** (February 25<sup>th</sup>) tentative
- Assignment 3: **6%** (March 24<sup>th</sup>) tentative
- Assignment 4: **6%** (April 7<sup>th</sup>) tentative
- Midterm Exam: **25%** (March 3<sup>rd</sup>)
- Final Exam: **51%** (during the April Exam Period as Scheduled by the University)

This % grade will then be converted into the alphabetical grade system using the standard equivalences, as outlined in Section 2.3 of the Academic Regulations of the University in the 2019-2020 Undergraduate Calendar. 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.

**Assignments:** The assignments will consist of several questions and problems and must be submitted **in person** at the beginning of lecture on the due date. **Late assignments will not be accepted and will receive a grade of zero.** Students should retain some form of copy of each assignment when handing them in. Students may wish to work together on assignment material, **BUT each student MUST write up their own assignments INDEPENDENTLY.** In this connection, please be sure to read Section 14.3 of the Academic Regulations of the University in the 2019-2020 Undergraduate Calendar, especially with regard to plagiarism and unauthorized cooperation and collaboration. For further information on recognizing and avoiding plagiarism, see "Pammett on Plagiarism and Paraphrasing" at "**Pammett on Plagiarism and Paraphrasing.**"

**Midterm:** If you miss the midterm it will be treated in two ways. First, you may provide written evidence from an authority explaining your absence (e.g. doctor's note or police report, **the documentation provided by students for missed midterm may be subject to verification**). If you meet this condition you will receive the same rank-based score you earned on the final. Alternatively, absent written explanations, you will receive a zero for the midterm. You have until March 10<sup>th</sup> to submit your document in person along the "Consent to Release Information to a Third Party" form (you can download this form from **cuLearn**). **The midterm will cover all the topics discussed until and including February 25<sup>th</sup>.** Write your midterm examination in pen or you lose the option of having any marking errors corrected.

**Final:** The final exam will cover all the chapters included above and all the material covered in class (i.e., cumulative). Application to write a deferred final examination must be made at the Registrar's Office. **The documentation provided by students for missed examination(s) may be subject to verification.** In the event that a student writes a deferred examination, the deferred examination will carry the same weight as the final examination in determining the course grade. Needless to say, any deferred examination will not be identical to the original final examination.

**cuLearn:** During the term, I will post on **cuLearn** lecture notes, problem sets, due dates, etc. I will also use **cuLearn** to make announcements and communicate with you the dates of the reviews for the examinations and the material covered in those. Students are responsible for regularly checking the course website to ensure that they are up to date with any announcements and have access to the documents posted.

**Re-grading Policy:** Any request for regrading exams must be **submitted in writing** within **one week** of that exam first being returned to the class. The request should contain a detailed explanation of why you feel you should receive a higher grade. Please note that I will regrade the entire exam not just the contentious question. As a result, the revised grade may be higher than, lower than or the same as the original grade.

## ACADEMIC ACCOMMODATIONS

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

- 1. 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**.
- 2. 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**.
- 3. 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](mailto: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. Please check the **PMC website**.
- 4. 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 its 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](http://carleton.ca/sexual-violence-support)**
- 5. 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: **[carleton.ca/senate/wp-content/uploads/Accommodation-for-Student-Activities-1.pdf](http://carleton.ca/senate/wp-content/uploads/Accommodation-for-Student-Activities-1.pdf)**