

Carleton University
Department of Economics

International Monetary Problems
ECON 3602
Fall 2023

Instructor: Rashid Nikzad

Email: Rashid.Nikzad@carleton.ca

Time: Thursdays, 14:35–17:25

Classroom: ONLINE Combined Synchronous/Asynchronous

Office hours: by appointment (online)

TA: TBA

Office hours: TBA

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.

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 7: 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 Session 7, October 19, 11:59 pm)

Assignment 2: 10% (Due on Session 12, November 30, 11:59 pm)

Midterm Exam: 35% (Online on November 2, During Session 8)

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 (Self-Declaration form, 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 by submitting the Self-Declaration form (for short-term incapacitation) or PMC letter of accommodation (for long-term issues). 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. More information about a request for accommodation is available at <https://carleton.ca/FASS-FPA-teaching-regulations/accommodation/>.

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: Students are responsible for reading and knowing the information about plagiarism, Carleton University resources, and academic accommodations found [HERE](#).