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.

COURSE INFORMATION

Lectures: Tuesday 11:35-14:25
Location: Southam Hall 309
Office Hours: Friday 10:25-11:25 am; or by appointment (via cuLearn mail service)

Prerequisite: ECON 2103 with a grade of C- or higher. 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 subsequent and concurrent but not prior credit for ECON 3600 (Introduction to International Economics) and ECON 3602 (International Monetary Problems).

OVERVIEW OF THE COURSE:

This is an advanced course in international monetary theory and its implications for economic policy. The main objective of the course is to develop macroeconomic models of open economies that can be usefully applied to international economic phenomena. We will study concepts such as the balance of payments, the current account, global imbalances, the determination of exchange rates, and the effect of fiscal and monetary policies under different exchange rate regimes.

Required Textbooks:


1If you took or you are taking Econ 3601 you can instead use the extended version of Paul Krugman, Maurice Obstfeld and Marc Melitz International Economics: Theory and Policy (10th edition) for both classes.
The following chapters will be covered from the required textbook KOM (Krugman, Obstfeld and Melitz):

**Chapter 3**: Exchange Rates and the Foreign Exchange Market: An Asset Approach  
**Chapter 4**: Money, Interest Rates and Exchange Rates  
**Chapter 5**: Price Levels and the Exchange Rate in the Long Run  
**Chapter 6**: Output and the Exchange Rate in the Short Run  
**Chapter 7**: Fixed Exchange Rates and Foreign Exchange Intervention

The following chapters will be covered from the required textbook SUW (Schmitt-Grohe, Uribe and Woodford):

**Chapter 2**: Current Account Sustainability  
**Chapter 3**: A Theory of Current Account Determination  
**Chapter 4**: Current Account Determinations in a Production Economy  
**Chapter 5**: Uncertainty and the Current Account  
**Chapter 7**: Twin Deficits: Fiscal Deficits and Current Account Imbalances

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:

**GRADING POLICY:**

- Assignment 1: 7% (October 30th)  
- Assignment 2: 7% (December 4th))  
- Midterm Exam: 40% (November 6th)  
- Final Exam: 46% (during the December 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 2018-2019 Undergraduate Calendar.

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\(^2\)If you are using the extended version of Paul Krugman, Maurice Obstfeld and Marc Melitz _International Economics: Theory and Policy_ the chapter numbers will be different.
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 2018-2019 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 November 13th to submit your document 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 October 30th. Write your midterm examination in pen or you lose the option of having any marking errors corrected.

Final: The final exam will cover Chapter 7 from Krugman, Obstfeld and Melitz and Chapters 2, 3, 4, 5 and 7 from Schmitt-Grohe, Uribe and Woodfor. 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 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 is 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

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