

Spring 2021

ECON 442: Economics of International Finance



Class time and location: TBD

Professor: Dr. Ray Miller

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Office: Clark C305B

Office hours (Online): Friday 12:00-2:00, or by appointment.

Description

In this course we will study the theory and policy of the international organization of money and finance. This covers the macroeconomic side of international economics. You will explore in detail the functioning of international financial markets. The first part of the course is all about exchange rates and introduces the key macroeconomic quantities: the national and international accounts and the balance of payments. The last part highlights the role of policy and applications of international macroeconomics.

Learning Objectives

Upon completion of the course, you should:

- be familiar with the logic of a country's balance of payments
- be familiar with the different approaches to exchange rate determination in the short run and the long run
- understand the adjustments of macroeconomic aggregates in an open economy in the short run and the long run
- be familiar with the broad history of the development of international monetary arrangements and institutions
- be able to discuss some of the contemporary policy debates in international economics

Required Course Material

- P. Krugman and M. Obstfeld, International Finance: Theory and Policy (10th or 11th Edition)
- NOTE: you do NOT need MyEconLab
- Supplemental materials will be provided in the Canvas system.

Prerequisites

MATH 117 (College Algebra in Context I) or MATH 118 (College Algebra in Context II) or MATH 141 (Calculus in Management Sciences) or MATH 155 (Calculus for Biological Scientists I) or MATH 160 (Calculus for Physical Scientists I); AND ECON 304 (Intermediate of Macroeconomics).

Coursework

There are 1000 points available in the course. Coursework can be divided into six categories: class attendance, problem sets, online discussion posts, exams, movie presentation, and a final paper.

1. Problem Sets

There will be 11 problem sets covering most topics/chapters covered during the course. The format will be a combination of multiple choice, fill in the blank, and short answer. They will be untimed and open book and open note. All problem sets will be posted and submitted through Canvas. **Each problem set will be worth 20 points and is due Sunday at 11:59pm of the week assigned unless otherwise announced.**

2. Discussion Posts

There will be 9 discussion posts, each worth 10 points. The discussion postings are generally in a "blog" format. You are also required to comment on at least one other student's posting. Grade depends on level of professionalism, integration of content (from text, lecture notes, and supplemental material), critical thinking, clarity of writing and completeness. The discussion will occur asynchronously; I will post a discussion question and you will respond to the questions at your convenience prior to the due date. These posts should be at least 150 words combined. **Your discussion post is due Thursday at 11:59pm and your response is due Sunday at 11:59pm.** As with all interactions in the course, be sure discussion posts and responses are polite and respectful. I encourage debate and disagreement in the discussion boards but be sure to frame all posts politely. Language should always be courteous and kind. Offensive or disrespectful discussion posts will result in a grade of a zero.

3. Exams

There are three exams worth 120 points each. The exams will not be cumulative and will cover material since the previous exam. These exams will be a combination of multiple choice and short answer questions. See class schedule for exam dates.

4. Movie Presentation

In groups of 2-3 you will choose a movie to watch and discuss outside of class. Your group will then present an approximately 10-minute presentation to the class summarizing the movie, connecting to concepts we have learned, and facilitating discussion. **The presentation will be worth 100 points.** Instructions and a list of movies will be provided on Canvas later in the semester.

5. Final Paper

The final paper will be worth 200 points. It will cover what you have learned over the course and will be based on data analysis and interpretation for a country of your choosing. Instructions will be provided on Canvas later in the semester.

6. Attendance

There will be 30 points of class attendance credit available. There is **NO** making up attendance points. However, you will not be docked points for missing up to two class lectures. You are expected to read assigned material **BEFORE** class. Participation in class discussions, exercises, and activities is also expected.

Grading Schedule

Assignment	Frequency/points per assignment	Points
Problem sets	11 @ 20 points each	= 220
Discussion Posts	9 @ 10 points each	= 90
Exams	3 @ 120 points each	= 360
Movie presentation	1 @ 100 points	= 100
Final paper	1 @ 200 points	= 200
Attendance	30 points	= 30
Total		= 1000 pts

Letter Grades

Each number below represents the minimum point threshold necessary to achieve the following letter grade:

980 pts. – 1000 pts.	A+
921 pts. – 979 pts.	A
900 pts. – 920 pts.	A-
880 pts. – 899 pts.	B+
820 pts. – 879 pts.	B
800 pts. – 819 pts.	B-
780 pts. – 799 pts.	C+
700 pts. – 779 pts.	C
600 pts. – 699 pts.	D
000 pts. – 599 pts.	F

This class does use +/- grading.

I reserve the right to alter the grading scale from what is indicated above if I deem it necessary. These point thresholds are non-negotiable and no “bumps” will be awarded. There will be no curving, additional extra credit, rounding, or similar grade changes at the end of the semester, even if you are a fraction of a point away.

Make-up Policy

You must provide written evidence of any University sanctioned activities or medical or family emergency which causes you to unexpectedly miss any exam or assignment as scheduled. In case no such evidence is provided, you will receive 0 points for missed exam/assignment. Unless it is absolutely impossible you should notify me before rather than after you miss class or handing in an assignment.

Total Course Time Estimates

Attend class	2.5 hours
Review notes / readings	3.5 hours
<u>Homework and preparation</u>	<u>3.0 hours</u>
Total hours per week:	9.0 hours

Academic Integrity

This course will adhere to the Academic Integrity Policy of the General Catalog and the Student Conduct Code. Any academic dishonesty in this course may result in a grade of "F" for the course and may be reported to the Office of Conflict Resolution and Student Conduct Services.

Accommodations

Students with disabilities may be eligible for accommodations in accordance with Section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act. It is the student’s responsibility to disclose any learning disabilities. To request accommodations, students should contact Resources for Disabled Students at (970) 491-6385 or go to <http://rds.colostate.edu>. Documentation of disability is required and the RDS office will assist in this process.

Important information for students on COVID-19:

All students are required to follow public health guidelines in any university space, and are encouraged to continue these practices when off-campus(es). Students also are required to report any COVID-19 symptoms to the university immediately, as well as if they have potentially been exposed or have tested positive at a non-CSU testing location. If you suspect you have symptoms, please fill out the COVID Reporter (<https://covid.colostate.edu/reporter/>). If you have COVID symptoms or know or believe you have been exposed, it is important for the health of yourself and others that you complete the online COVID Reporter. Do not ask your instructor to report for you; if you report to your instructor that you will not attend class due to symptoms or a potential exposure, you are required to also submit those concerns through the COVID Reporter. If you do not have access to the internet to fill out the online COVID-19 Reporter, please call (970)491-4600.

If you report symptoms or a positive test, your report is submitted to CSU's Public Health Office. You will receive immediate, initial instructions on what to do and then you will also be contacted by phone by a public health official. Based on your specific circumstances, the public health official may:

- choose to recommend that you be tested and help arrange for a test
- conduct contact tracing
- initiate any necessary public health requirements or recommendations and notify you if you need to take any steps

If you report a potential exposure, the public health official will help you determine if you are at risk of contracting COVID.

For the latest information about the University's COVID resources and information, please visit the **CSU COVID-19 site** (<https://covidrecovery.colostate.edu/>).

Tentative Course Schedule (subject to change)

	Topic and Readings	Problem Set / Discussion Post/ Exam
<i>Week 1 (Jan 17)</i>	Introduction (Ch. 1)	PS1
<i>Week 2 (Jan 24)</i>	National Income Accounting and the Balance of Payments (Ch. 2)	DP1 / PS2
<i>Week 3 (Jan 31)</i>	Exchange Rates and the Foreign Exchange Market (Ch. 3)	DP2 / PS3
<i>Week 4 (Feb 7)</i>	Money, Interest Rates, and Exchange Rates (Ch. 4)	DP3 / PS4
<i>Week 5 (Feb 14)</i>	Catch-up / Review / Exam 1	Exam 1 (2/18)
<i>Week 6 (Feb 21)</i>	Price Levels and the Exchange Rate in the Long Run (Ch. 5)	DP4 / PS5
<i>Week 7 (Feb 28)</i>	Output and the Exchange Rate in the Short Run (Ch. 6)	DP5 / PS6
<i>Week 8 (Mar 7)</i>	Fixed Exchanged Rates and Foreign Exchange Intervention (Ch. 7)	DP6 / PS7
<i>Week 9 (Mar 14)</i>	Catch-up / Review / Exam 2	Exam 2 (3/18)
<i>Week 10 (Mar 21)</i>	International Monetary Systems (Ch. 8)	DP7 / PS8
<i>Week 11 (Mar 28)</i>	Financial Globalization (Ch. 9)	DP8 / PS9
<i>Week 12 (Apr 4)</i>	Optimum Currency Areas and the Euro (Ch. 10)	DP9 / PS10
<i>SPRING BREAK</i>	<i>No Class (online after)</i>	
<i>Week 13 (Apr 18)</i>	Movie presentations	
<i>Week 14 (Apr 25)</i>	Developing Countries: Growth, Crisis, and Reform (Ch.11)	PS11
<i>Week 15 (May 2)</i>	Catch-up / Review / Other topics (time permitting)	
<i>Finals Week</i>		Exam 3