

ECON 4310
Exchange Rates and Global Economics
SPRING 2023 SYLLABUS

CLASS INFORMATION

Time: MWF 2:10pm–3:00pm
Location: Cook Hall 236
Off. Hrs: MW 1:00pm–2:00pm & by appt.
Discord: discord.gg/SsrNPEeP2P
TA: openai.com/blog/chatgpt

INSTRUCTOR CONTACT

Instructor: Fei Tan
Department of Economics
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E-mail: tanf@slu.edu
Homepage: econdojo.github.io

GENERAL INFORMATION

COURSE DESCRIPTION

International economics takes both the micro and macro perspectives to study how nations interact through trade of goods and services, flows of money, and investment. It can be divided into two interrelated subfields: international trade and international finance. This course adopts the macro perspective on international economics, building on the foundations developed in intermediate-level macroeconomics. It provides analytical tools and formal models to explain, in particular, balance of payments and exchange rate determination. Students are expected to apply this set of tools and models to understand current international macroeconomic events, forecast the behavior of the global economy, and assess the impact of real world policy choices.

PREREQUISITES

ECON 1900 (Principles of Economics) and ECON 3120 (Intermediate Macroeconomics). In general, students should be familiar with the concepts of supply and demand, the basics of monetary and fiscal policy, and have some experience using equations, graphs, and tables to analyze economic situations. Students are also expected to be familiar with functions, their graphical representation, and the solution of simultaneous equations.

TEXTBOOKS

- **Required:** *International Economics: Theory and Policy*, student value edition plus MyEconLab with Pearson eText (access card package), 11th Edition, by Paul R. Krugman, Maurice Obstfeld, and Marc Melitz. Note: this book follows the standard practice of dividing the subjects into two halves: trade and finance issues. We focus on the finance portion.

- **Optional:** *International Macroeconomics: A Modern Approach*, by Stephanie Schmitt-Grohe, Martin Uribe, and Michael Woodford. Link: www.columbia.edu/~mu2166/UIM.
- **Optional:** *Principles for Dealing with the Changing World Order: Why Nations Succeed and Fail*, by Ray Dalio.
- **Online resources:** econdojo.github.io/courses/e4310.

OFFICE HOURS

Available by appointment. My general policy is that e-mail or Discord messages will be answered within 12 hours, or we can set up a Discord virtual meeting, usually within a day. You also have the option of posting questions in the “Help!” discussion forum, which you can access by clicking on the Discussions link from Canvas’ navigation menu.

CLASS ACTIVITIES

HOMEWORK

There will be three online assignments on MyLab Economics with a total of 18% or 90 points of the course grade. Please submit your completed work via MyLab Economics. You can find information about Pearson’s privacy policy on the following webpage: www.pearson.com/en-us/legal-information/privacy-policy.html.

QUIZ

There will also be three in-class quizzes on Canvas with a total of 12% or 60 points of the course grade. To make a submission, please scan a PDF copy of your completed work and upload the file onto Canvas.

DISCUSSION

Class participation is strongly encouraged. Your properly documented in-class discussion will be rewarded with a maximum of 10% or 50 points of the course grade. There will be no credit points given for participation if you are not in class for any reason.

EXAMINATION

The examinations will be a combination of multiple choice and short essay questions. There will be three in-class exams with a total of 60% or 300 points of the course grade. Students are responsible for all materials presented in the textbook, lecture notes, and supplementary materials (if assigned) as preparation for exams.

ATTENDANCE

The health and well-being of SLU's students, staff, and faculty are critical concerns. Accordingly, the following University policy statements on in-person class attendance are designed to preserve and advance the collective health and well-being of our institutional constituencies.

1. Students who exhibit any [potential COVID symptoms](#) (those that cannot be attributed to some other medical condition the students are known to have, such as allergies, asthma, etc.) shall absent themselves from any in-person class attendance or in-person participation in any class-related activity until they have been evaluated by a qualified medical official. Students should contact the [University Student Health Center](#) for immediate assistance.
2. Students who exhibit any [potential COVID symptoms](#) (those that cannot be attributed to some other medical condition the students are known to have, such as allergies, asthma, etc.) but who feel well enough to a) attend the course synchronously in an online class session or b) participate in asynchronous online class activities, are expected to do so. Those who do not feel well enough to do so should absent themselves accordingly.
3. Students (whether exhibiting any of potential COVID symptoms or not, and regardless of how they feel) who are under either an isolation or quarantine directive issued by a qualified health official must absent themselves from all in-person course activity per the stipulations of the isolation or quarantine directive. They are expected to participate in synchronous or asynchronous online class activities as they feel able to do so, or absent themselves accordingly.
4. Students are responsible for notifying each instructor of an absence as far in advance as possible; when advance notification is not possible, students are responsible for notifying each instructor as soon after the absence as possible.
5. As a temporary amendment to the current [University Attendance Policy](#), all absences due to illness or an isolation/quarantine directive issued by a qualified health official shall be considered "Authorized" absences (effective August 2020 through May 2021).

GRADING POLICY

GRADING SCALE

All grades will be available on Canvas within two days of submission. There is no grading curve used other than the scale below. However, the instructor reserves the right to adjust the grading scale based on overall class performance at the end of the semester. The final grade for the course is based on the percentage of the adjusted total points earned. **Please periodically check your**

grade throughout the semester for accuracy.

	Max Points	% of Total	Grade	Points	Percentage
Homework	90	18	A	500–455	100–91
Quiz	60	12	A-	454–430	90–86
Discussion	50	10	B+	429–405	85–81
Exam	<u>300</u>	<u>60</u>	B	404–380	80–76
Total	500	100%	B-	379–355	75–71
			C+	354–330	70–66
			C	329–305	65–61
			C-	304–280	60–56
			D	279–255	55–51
			F	254–0	50 or less

MAKE-UP POLICY

Late submission is not graded and will be nullified. There are no make-up exams. The points from the excused, missed exam will be placed onto the next exam. No make-ups are provided for homework or quiz. The missed homework and quiz points, due to an approved absence, will be considered when calculating your final grade.

IMPORTANT MISCELLANEOUS

Please read the following information thoroughly and carefully. I would assume that you have fully understood these rules. Some modification of policies may become necessary during the semester. The instructor will make explicit announcements pertaining to any such changes.

1. In recognition that people learn in a variety of ways and that learning is influenced by multiple factors (e.g., prior experience, study skills, learning disability), resources to support student success are available on campus. The Student Success Center, a one-stop shop, which assists students with academic and career related services, is located in the Busch Student Center (Suite 331) and the School of Nursing (Suite 114). Students who think they might benefit from these resources can find out more about: [i.] course-level support (e.g. faculty member, departmental resources, etc.) by asking your course instructor; and [ii.] university-level support (e.g., tutoring services, university writing services, disability services, academic coaching, career services, and/or facets of curriculum planning) by visiting the Student Success Center or by going to www.slu.edu/student-success-center.

2. The University's [Interim Policy on Face Masks](#) governs all students, faculty, staff, and campus visitors in all University-owned, leased, or operated facilities. All persons physically present in any such University facility associated with this course shall comply fully with this policy at all times. Masks must be worn before entry to all such University facilities (as well as outdoors on all University property when six feet of distance is unpredictable or cannot be maintained).

Saint Louis University is committed to maintaining an inclusive and accessible environment. Individuals who are unable to wear a face mask due to medical reasons should contact the Office of Disability Services or Human Resources to initiate the accommodation process identified in the University's [ADA Policy](#). Inquires or concerns may also be directed to the [Office of Institutional Equity and Diversity](#). Notification to instructors of SLU-approved ADA accommodations should be made in writing prior to the first class session in any term (or as soon thereafter as possible).

As the instructor of this course, I shall comply fully with SLU's policy and all related ADA regulations.

Students who attempt to enter a classroom without wearing masks will be asked by the instructor to wear masks prior to entry. Students who remove their masks at any time during a class session will be asked by the instructor to resume wearing their masks.

Note: Accordingly, no consumption of any food will be allowed in class.

Students who do not comply with a request by a SLU instructor to wear a mask in accordance with the University's Interim Policy on Face Masks may be subject to disciplinary actions per the rules, regulations, and policies of Saint Louis University, including but not limited to the Student Handbook. Non-compliance with this policy may result in disciplinary action, up to and including any of the following:

- (a) dismissal from the course(s)
- (b) removal from campus housing (if applicable)
- (c) dismissal from the University

To immediately protect the health and well-being of all students, instructors, and staff, instructors reserve the right to cancel or terminate any class session at which any student fails to comply with faculty or staff request to wear a mask in accordance with University policy.

Students are strongly encouraged to identify to their instructor any student or instructor not in compliance. Non-compliance may be anonymously reported via the SLU Integrity Hotline at 1-877-525-5669 (or confidentially via the Integrity Hotline's website at www.lighthouse-services.com/slu).

3. Students with a documented disability who wish to request academic accommodations must formally register their disability with the University. Once successfully registered, students also must notify their course instructor that they wish to use their approved accommodations in the course. Please contact the Center for Accessibility and Disability Resources (CADR) to schedule an appointment to discuss accommodation requests and eligibility requirements. Most students on the St. Louis campus will contact CADR, located in the Student Success Center and available by email at accessibility_disability@slu.edu or by phone at 314.977.3484. Once approved, information about a student's eligibility for academic accommodations will be shared with course instructors by email from CADR and within the instructor's official course roster. Students who do not have a documented disability but who think they may have one also are encouraged to contact CADR. Confidentiality will be observed in all inquiries.

4. Academic integrity is honest, truthful and responsible conduct in all academic endeavors. The mission of Saint Louis University is "the pursuit of truth for the greater glory of God and for the service of humanity." Accordingly, all acts of falsehood demean and compromise the corporate endeavors of teaching, research, health care, and community service via which SLU embodies its mission. The University strives to prepare students for lives of personal and professional integrity, and therefore regards all breaches of academic integrity as matters of serious concern. The governing University-level Academic Integrity Policy was adopted in Spring 2015, and can be accessed on the Provost's Office website: www.slu.edu/Documents/provost/academic_affairs/University-wide%20Academic%20Integrity%20Policy%20FINAL%20%206-26-15.pdf.

Additionally, each SLU College, School, and Center has adopted its own academic integrity policies, available on their respective websites. It is the policy of Chaifetz School of Business that the "Giving and receiving of unauthorized assistance on any graded exercise constitutes academic dishonesty and may result in grade reductions and/or probation, suspension, or dismissal." You can find information about the academic misconduct policy on the following webpage: business.slu.edu/programs-of-study/undergraduate-business-programs/resources/academic-misconduct.

All SLU students are expected to know and abide by these policies, which detail definitions of violations, processes for reporting violations, sanctions, and appeals. Please direct questions about any facet of academic integrity to your faculty, the chair of the department of your academic program, or the Dean/Director of the College, School or Center in which your program is housed.

5. Saint Louis University and its faculty are committed to supporting our students and seeking

an environment that is free of bias, discrimination, and harassment. If you have encountered any form of sexual misconduct (e.g. sexual assault, sexual harassment, stalking, domestic or dating violence), we encourage you to report this to the University. If you speak with a faculty member about an incident of misconduct, that faculty member must notify SLU's Title IX coordinator, Anna R. Kratky (DuBourg Hall, room 36; akratky@slu.edu; 314-977-3886) and share the basic fact of your experience with her. The Title IX coordinator will then be available to assist you in understanding all of your options and in connecting you with all possible resources on and off campus.

If you wish to speak with a confidential source, you may contact the counselors at the University Counseling Center at 314-977-TALK. To view SLU's sexual misconduct policy and for resources, please visit the following web address: www.slu.edu/general-counsel-home/office-of-institutional-equity-and-diversity/sexual-misconduct-policy.

6. **Valid Excuses:** many possible events may occur that would result in your inability to attend class, exams, or perform at a minimally acceptable level during an examination. The followings can be legitimate reasons to miss class or to be excused from a scheduled examination.
 - (a) **Illness or injury:** a note from a physician, physician's assistant, or a nurse-practitioner that says, among other things, "...unable to attend..." is required. If the note leaves any ambiguity on this point you will not be excused. Further, the note must be provided to the instructor within three days of the missed course event.
 - (b) **Family emergencies:** you must provide verifiable documentation of the emergency. Given the vast array of family emergencies the instructor will provide precise guidance as to what constitutes adequate documentation. With the exception of illness or *critical* emergencies, any absence must be excused in advance of the missed course event. In cases of critical emergencies, you must notify the instructor within three days of your absence.
 - (c) **University-approved curricular and extra-curricular activities:** verifiable documentation is required. The student should obtain from the unit or department sponsoring the activity a letter (or class absence form) indicating the anticipated absence(s). The letter must be presented to the instructor at least one week prior to the first absence.
 - (d) **Religious holidays:** the student should notify the instructor by the second week of the course of any potential conflicts.

TENTATIVE COURSE OUTLINE

Below is a tentative outline; the instructor reserves the right to change it whenever needed. My goal is to proceed at an optimal pace: slow enough that important concepts are thoroughly learned,

yet fast enough that the course does not drag. It is a delicate balance.

Part I Introduction

Syllabus

Lecture 1: "Introduction"

Lecture 2: "National Income Accounting and Balance of Payments"

Lecture 3: "Exchange Rates and Foreign Exchange Market"

Lecture 4: "Money, Interest Rates, and Exchange Rates"

[Midterm Exam 1: Feb. 20, 2:10pm–3:00pm](#)

Lecture 5: "Price Levels and Exchange Rate in the Long Run"

Lecture 6: "Output and Exchange Rate in the Short Run"

Lecture 7: "Fixed Exchange Rates and Foreign Exchange Intervention"

[Midterm Exam 2: Mar. 31, 2:10pm–3:00pm](#)

Part II Advanced Topics

Lecture 1: "Global Imbalances"

Lecture 2: "Current Account Sustainability"

Lecture 3: "An Intertemporal Theory of Current Account"

[Final Exam: May 10, 2:00pm–3:30pm](#)
