

ECON 4310
Exchange Rates and Global Economics
SPRING 2022 SYLLABUS

CLASS INFORMATION

Course: ECON 4310.01

Time: TR 9:30am–10:45am

Location: Cook Hall 330

Off. Hrs: TR 1:00pm–2:00pm & by appt.

Discord: discord.gg/SsrNPEeP2P

INSTRUCTOR CONTACT

Instructor: Fei Tan

Department of Economics

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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.

- **Required:** *International Macroeconomics*, by Stephanie Schmitt-Grohe, Martin Uribe, and Michael Woodford. Link: www.columbia.edu/~mu2166/UIM.
- **Online resources:** econdojo.github.io/courses/e4310.

COURSE ORGANIZATION

This class meets for three lectures per week (Tuesday and Thursday). Students are required to have read the corresponding chapter of our required textbook and the supplementary materials (if assigned) prior to each lecture. Class activities are based on the premise that you have read the textbook and the materials assigned, at least once, prior to each class. Lectures only compliment the required reading materials. Lectures are not a substitute for the readings nor are the readings a substitute for attending and participating in class. After each class the lecture notes of that class will be posted on the instructor's home page. You should reconstruct your class notes based upon these materials so that you truly understand the material. You are responsible for all materials presented in the textbook, lecture notes, and supplementary materials as preparation for exams.

IN- & OUT-OF-CLASS ACTIVITIES

PROBLEM SET

There will be three required problem sets. Late submission is not graded and will be nullified. Homework assignments are worth 30% or 150 points of the course grade.

ATTENDANCE REWARD

Attendance is mandatory. Six **unannounced** attendance will be taken throughout the semester and your properly documented attendance will be rewarded with a maximum of 30 credit points. There will be no credit points given for attendance if you are not in class for any reason.

EXAMINATIONS

The examinations will be a combination of multiple choice and short essay questions. There will be three in-class exams with a total of 64% or 320 points of the course grade. The three exams are scheduled on the following days:

Midterm Exam 1	Thursday, Feb. 17	9:30am–10:45am
Midterm Exam 2	Tuesday, Mar. 29	9:30am–10:45am
Final Exam	Thursday, May 12	8:00am–9:30am

GRADING POLICY

GRADING SCALE

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
Problem Set	150	30	A	500–455	100–91
Attendance	30	6	A-	454–430	90–86
Midterm 1	100	20	B+	429–405	85–81
Midterm 2	100	20	B	404–380	80–76
Final	<u>120</u>	<u>24</u>	B-	379–355	75–71
Total	500	100%	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

There are no make-up exams. The points from the excused, missed exam will be placed onto the final exam. No make-ups are provided for homework. The missed homework 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. Your schedule must permit you to be free to take the final exam. There is no alternative time and date to taking the exam. Consult the final exam schedule to avoid additional conflicts.

If you are also enrolled in any other courses that have a time conflict, please drop all but one of these conflicting courses now unless you can resolve the conflict with your instructor(s) in the other course(s). You can find information about the academic calendar on the following webpage: www.slu.edu/registrar/calendars.

2. 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 assists students with academic-related services and is located in the Busch Student Center (Suite, 331). 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, and academic coaching) by visiting the Student Success Center or by going to www.slu.edu/life-at-slu/student-success-center.
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 to 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 through which SLU fulfills 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 full University-level Academic Integrity Policy can be found on the Provost's Office website at: www.slu.edu/provost/policies/academic-and-course/policy_academic-integrity_6-26-2015.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: www.slu.edu/business/current-students/undergraduate-academic-resources.php.

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 harassment, including sexual assault, stalking, domestic or dating violence, we encourage you to report this to the University. If you speak with a faculty member about an incident that involves a Title IX matter, **that faculty member must notify SLU’s Title IX Coordinator and share the basic facts of your experience.** This is true even if you ask the faculty member not to disclose the incident. 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.

Anna Kratky is the Title IX Coordinator at Saint Louis University (DuBourg Hall, room 36; anna.kratky@slu.edu; 314-977-3886). If you wish to speak with a confidential source, you may contact the counselors at the University Counseling Center at 314-977-TALK or make an anonymous report through SLU’s Integrity Hotline by calling 1-877-525-5669 or online at www.lighthouse-services.com/slu. To view SLU’s policies, and for resources, please visit the following web addresses: www.slu.edu/about/safety/sexual-assault-resources/index.php and www.slu.edu/general-counsel.

Note: SLU’s Title IX Policy (formerly called the Sexual Misconduct Policy) has been significantly revised to adhere to a new federal law governing Title IX that was released on May 6, 2020. Please take a moment to review the new policy and information at the following web address: www.slu.edu/about/safety/sexual-assault-resources/index.php. Please contact the Anna Kratky, the Title IX Coordinator, with any questions or concerns.

6. Throughout the COVID-19 pandemic, key safeguards like face masks have allowed SLU to safely maintain in-person learning. If public health conditions and local, state, and federal restrictions demand it, the University may require that all members of our campus community wear face masks indoors. **Therefore, any time a University-level face mask require-**

ment is in effect, face masks will be required in this class. This expectation will apply to all students and instructors, unless a medical condition warrants an exemption from the face mask requirement (see below). When a University-wide face mask requirement is in effect, the following will apply:

(a) Students who attempt to enter a classroom without wearing masks will be asked by the instructor to put on their masks prior to entry. Students who remove their masks during a class session will be asked by the instructor to resume wearing their masks.

(b) Students and instructors may remove their masks briefly to take a sip of water but should replace masks immediately. The consumption of food will not be permitted.

(c) Students who do not comply with the expectation that they wear a mask in accordance with the University-wide face mask requirement may be subject to disciplinary actions per the rules, regulations, and policies of Saint Louis University, including but not limited to those outlined in the Student Handbook. Non-compliance with this policy may result in disciplinary action, up to and including any of the following: dismissal from the course(s), removal from campus housing (if applicable), dismissal from the University.

(d) 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 a University-wide face mask requirement.

When a University-wide face mask requirement is not in effect, students and instructors may choose to wear a face mask or not, as they prefer for their own individual comfort level.

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 (students) or Human Resources (instructors) to initiate the accommodation process identified in the University's [ADA Policy](#). Inquiries 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).

7. The health and well-being of SLU's students, staff, and faculty are critical concerns, as is the quality of our learning environments. 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 and to create the conditions in which all students have the opportunity to learn and successfully complete their courses.

(a) Students who exhibit any [potential COVID-19 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.

(b) Students (whether exhibiting any of potential COVID-19 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 activities per the stipulations of the isolation or quarantine directive.

(c) Students are responsible for notifying their 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. Consistent with the [University Attendance Policy](#), students also are responsible for all material covered in class and must work with the instructor to complete any required work. In situations where students must be absent for an extended period of time due to COVID-19 isolation or quarantine, they also must work with the instructor to determine the best way to maintain progress in the course as they are able based on their health situation.

(d) Consistent with the [University Attendance Policy](#), students may be asked to provide medical documentation when a medical condition impacts a student's ability to attend and/or participate in class for an extended period of time.

(e) 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, or due to an adverse reaction to a COVID-19 vaccine, shall be considered "Authorized" absences.

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
Jan. 18	Syllabus & Lecture 1: Introduction
Jan. 20, 25	Lecture 2: National Income Accounting and Balance of Payments
Jan. 27, Feb. 1	Lecture 3: Exchange Rates and Foreign Exchange Market
Feb. 3, 8	Lecture 4: Money, Interest Rates, and Exchange Rates
Feb. 10, 15	Problem set 1 due & review of Midterm 1
Feb. 17	Midterm Exam 1

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Feb. 22, 24	Lecture 5: Price Levels and Exchange Rate in the Long Run
Mar. 1, 3	Lecture 6: Output and Exchange Rate in the Short Run
Mar. 8, 10	Lecture 7: Fixed Exchange Rates and Foreign Exchange Intervention
Mar. 15, 17	No class – Spring Break
Mar. 22, 24	Problem set 2 due & review of Midterm 2
Mar. 29	Midterm Exam 2

Part II	Advanced Topics
Mar. 31, Apr. 5, 7	Lecture 1: Global Imbalances
Apr. 12	Lecture 2: Current Account Sustainability
Apr. 14	No class – Good Friday
Apr. 19, 21	Lecture 2: Current Account Sustainability
Apr. 26, 28, May 3	Lecture 3: An Intertemporal Theory of Current Account
May 5	Problem set 3 due & review of Final
May 12	Final Exam
