

ECON 3H03: INTERNATIONAL MONETARY ECONOMICS

FALL 2024

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Lecture: see Avenue or MOSAIC for times and classroom information.

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COURSE DESCRIPTION

This course presents International Monetary Economics theory and applies it towards gaining an understanding of recent events and current policy issues. The theory presented in this course covers a broad range of topics including exchange rate determination, monetary, and fiscal policy in an open economy, balance of payments crises, the choice of exchange rate systems, and international debt. The insights provided by these theoretical frameworks will enable us to discuss topics such as current account deficits and global financial imbalances, the Chinese exchange rate regime, proposed changes in the international financial architecture, the single currency in Europe, the Asian and Argentine financial crises, and the role of international factors on a nations employment, wage, and economic performance.

PREREQUISITES

ECON 2H03

COURSE OBJECTIVES

This course introduces students to basic principles, concepts and tools to analyze standard international monetary economics theories. The course material will help students to analyze current international economic affairs in terms of theoretical models. The theories learned in this course will address topics like international monetary framework and financial crisis which could be utilized for an in-depth analysis of global economic crises.

CLASS FORMAT

There will be two lectures per week: Monday (4:30 pm to 6:20 pm) and Wednesday (4:30 pm to 5:20 pm) in PC - 155. Students are expected to come to each class and participate by asking questions and responding to questions posed to the class. Most of the time, I will deliver the

lectures using lecture slides. The slides will be distributed through Avenue to Learn. I will use the blackboard/whiteboard to explain challenging parts of the course material. Students are assumed to have read the material ahead of the lectures. Students should not expect me to talk about every single textbook page, the lectures will focus on the most important and challenging parts of the material. More basic material will be left for the students to study on their own.

COURSE MATERIALS AND TEXTS

- Required: Robert C. Feenstra and Alan M. Taylor, "International Macroeconomics" 5th edition, Worth Publishers, 2021, ISBN:978-1-319-21850-8
- Course Materials will be available through the Campus Store Immediate Access program, providing access to the textbook through Avenue to Learn. Ensure you access your materials through Avenue and create an account before Friday, September 13th, to maintain uninterrupted access to your essential course resources.
- If you choose to forgo access to these resources, you may opt out of the program by Friday, September 13th, at the following link: <https://bit.ly/F24-ECON3H03> . If you don't opt out, the Campus Store will charge your student account for the materials before the end of September.
- The Campus Store will send you information and reminders about the deadline to make changes to your IA options to your McMaster email.

AVENUE TO LEARN

Avenue to Learn (<https://avenue.mcmaster.ca/>) is McMaster's Learning Management System. All important information related to the course including course outline, lecture slides, exams, grades, and announcements will be posted on Avenue to Learn (A2L). It is your responsibility to check course information updates and announcements through A2L and read your email regularly.

Students should be aware that, when they access the electronic components of this course, private information such as first and last names, user names for the McMaster e-mail accounts, and program affiliation may become apparent to all other students in the same course. The available information is dependent on the technology used. Continuation in this course will be deemed consent to this disclosure. If you have any questions or concerns about such disclosure please discuss this with the course instructor.

COURSE EVALUATION – OVERVIEW

1. First assignment - 5%, due October 4th, 2024
2. Mid-term 1 – 30%, on October 9th, 2024
3. Second assignment - 5%, due November 8th, 2024
4. Mid-term 2 – 30%, on November 18th, 2024
5. Final Exam - 30%

COURSE EVALUATION – DETAILS

Assignment 1 (5%), due October 4th, 2024

Assignment 1 (A_1) will be online, individual and closed book. The assignment will consist primarily of true-false, multiple-choice, and fill-in-the-blank questions.

Assignment 2 (5%), due November 8th, 2024

Assignment 2 (A_2) will be online, individual and closed book. The assignment will consist primarily of true-false, multiple choice, and fill-in-the-blank questions.

secondarily: numerical calculations.

Midterm Exam 1 (30%), Monday October 9th, 2024

Midterm Exam 1 (ME_1) will be in person, individual and closed book. The mid-term will consist of short-answer questions, numerical calculations, mathematical derivations, true-false, multiple choice, and fill-in-the-blank questions.

Midterm Exam 2 (30%), due November 18th, 2024

Midterm Exam 2 (ME_2) will be in person, individual and closed book. The mid-term will consist of short-answer questions, numerical calculations, mathematical derivations, true-false, multiple choice, and fill-in-the-blank questions.

Final Exam (30%)

The date for the final exam (FE) is still to be determined by the University and will be announced to you as soon as it becomes public.

COURSE POLICIES

Grades

Grades will be based on the McMaster University grading scale:

| MARK | GRADE |
|-------------|--------------|
| 90-100 | A+ |
| 85-90 | A |
| 80-84 | A- |
| 77-79 | B+ |
| 73-76 | B |
| 70-72 | B- |
| 67-69 | C+ |
| 63-66 | C |
| 60-62 | C- |
| 57-59 | D+ |
| 53-56 | D |
| 50-52 | D- |
| 0-49 | F |

Grade Adjustment Techniques

Your grade for the course will be calculated as follows:

$$FG = 0.05 \cdot (A_1) + 0.05 \cdot (A_2) + 0.30 \cdot \max (ME_1, FE) + 0.30 \cdot \max (ME_2, FE) + 0.30 \cdot FE$$

Submission of Assignments

The assignments are to be submitted online

Late Assignments

Late assignments will result in a 10% penalty in that assignment. Any assignment submitted 3 hours after the deadline will not be accepted.

Absences, Missed Work, Illness (MSAF)

There will be no makeup assignments or makeup exams. There will be no extensions of deadlines nor opportunities for bonus points. The only valid excuses for missed assessment(s) are those approved by your Faculty office. Instructors will only grant relief for missed work when a McMaster Student Absence Form (MSAF) has been received. Upon reception of an MSAF, the weight of that missed assessment(s) will be transferred to the final exam.

Where to Get Help

TA details to be decided.

Calculators and iClickers

Only the McMaster University standard calculator (the Casio FX-991) is permitted for the midterms and final exam.

UNIVERSITY POLICIES

ACADEMIC INTEGRITY

You are expected to exhibit honesty and use ethical behavior in all aspects of the learning process. Academic credentials you earn are rooted in principles of honesty and academic integrity. **It is your responsibility to understand what constitutes academic dishonesty.**

Academic dishonesty is to knowingly act or fail to act in a way that results or could result in unearned academic credit or advantage. This behavior can result in serious consequences, e.g. a grade of zero on an assignment, loss of credit with a notation on the transcript (notation reads: "Grade of F assigned for academic dishonesty"), and/or suspension or expulsion from the university. For information on the various types of academic dishonesty please refer to the [Academic Integrity Policy](https://secretariat.mcmaster.ca/university-policies-procedures-guidelines/), located at <https://secretariat.mcmaster.ca/university-policies-procedures-guidelines/>

The following illustrates only three forms of academic dishonesty:

- plagiarism, e.g. the submission of work that is not one's own or for which other credit has been obtained.
- improper collaboration in group work.
- copying or using unauthorized aids in tests and examinations.

AUTHENTICITY / PLAGIARISM DETECTION

Some courses may use a web-based service (Turnitin.com) to reveal authenticity and ownership of student submitted work. For courses using such software, students will be

expected to submit their work electronically either directly to Turnitin.com or via an online learning platform (e.g. A2L, etc.) using plagiarism detection (a service supported by Turnitin.com) so it can be checked for academic dishonesty.

Students who do not wish their work to be submitted through the plagiarism detection software must inform the Instructor before the assignment is due. No penalty will be assigned to a student who does not submit work to the plagiarism detection software. **All submitted work is subject to normal verification that standards of academic integrity have been upheld** (e.g., on-line search, other software, etc.). For more details about McMaster's use of Turnitin.com please go to www.mcmaster.ca/academicintegrity.

COURSES WITH AN ON-LINE ELEMENT

Some courses may use on-line elements (e.g. e-mail, Avenue to Learn (A2L), LearnLink, web pages, capa, Moodle, ThinkingCap, etc.). Students should be aware that, when they access the electronic components of a course using these elements, private information such as first and last names, user names for the McMaster e-mail accounts, and program affiliation may become apparent to all other students in the same course. The available information is dependent on the technology used. Continuation in a course that uses on-line elements will be deemed consent to this disclosure. If you have any questions or concerns about such disclosure please discuss this with the course instructor.

ONLINE PROCTORING

Some courses may use online proctoring software for tests and exams. This software may require students to turn on their video camera, present identification, monitor and record their computer activities, and/or lock/restrict their browser or other applications/software during tests or exams. This software may be required to be installed before the test/exam begins.

CONDUCT EXPECTATIONS

As a McMaster student, you have the right to experience, and the responsibility to demonstrate, respectful and dignified interactions within all of our living, learning and working communities. These expectations are described in the [Code of Student Rights & Responsibilities](#) (the "Code"). All students share the responsibility of maintaining a positive environment for the academic and personal growth of all McMaster community members, **whether in person or online**.

It is essential that students be mindful of their interactions online, as the Code remains in effect in virtual learning environments. The Code applies to any interactions that adversely affect, disrupt, or interfere with reasonable participation in University activities. Student disruptions or behaviours that interfere with university functions on online platforms (e.g. use of Avenue 2 Learn, WebEx or Zoom for delivery), will be taken very seriously and will be investigated. Outcomes may include restriction or removal of the involved students' access to these platforms.

REQUESTS FOR RELIEF FOR MISSED ACADEMIC TERM WORK

[McMaster Student Absence Form \(MSAF\)](#): In the event of an absence for medical or other reasons, students should review and follow the Academic Regulation in the Undergraduate Calendar “Requests for Relief for Missed Academic Term Work”.

ACADEMIC ACCOMMODATION OF STUDENTS WITH DISABILITIES

Students with disabilities who require academic accommodation must contact [Student Accessibility Services](#) (SAS) at 905-525-9140 ext. 28652 or sas@mcmaster.ca to make arrangements with a Program Coordinator. For further information, consult McMaster University’s [Academic Accommodation of Students with Disabilities](#) policy.

ACADEMIC ACCOMMODATION FOR RELIGIOUS, INDIGENOUS AND SPIRITUAL OBSERVANCES (RISO)

Students requiring academic accommodation based on religious, Indigenous or spiritual observances should follow the procedures set out in the [RISO](#) policy. Students should submit their request to their Faculty Office **normally within 10 working days** of the beginning of term in which they anticipate a need for accommodation or to the Registrar's Office prior to their examinations. Students should also contact their instructors as soon as possible to make alternative arrangements for classes, assignments, and tests.

COPYRIGHT AND RECORDING

Students are advised that lectures, demonstrations, performances, and any other course material provided by an instructor include copyright protected works. The Copyright Act and copyright law protect every original literary, dramatic, musical and artistic work, **including lectures** by University instructors

The recording of lectures, tutorials, or other methods of instruction may occur during a course. Recording may be done by either the instructor for the purpose of authorized distribution, or by a student for the purpose of personal study. Students should be aware that their voice and/or image may be recorded by others during the class. Please speak with the instructor if this is a concern for you.

FACULTY OF SOCIAL SCIENCES E-MAIL COMMUNICATION POLICY

Effective September 1, 2010, it is the policy of the Faculty of Social Sciences that all e-mail communication sent from students to instructors (including TAs), and from students to staff, must originate from the student’s own McMaster University e-mail account. This policy protects confidentiality and confirms the identity of the student. It is the student’s responsibility to ensure that communication is sent to the university from a McMaster account. If an instructor becomes aware that a communication has come from an alternate address, the instructor may not reply at his or her discretion.

COURSE MODIFICATION

The instructor and university reserve the right to modify elements of the course during the term. The university may change the dates and deadlines for any or all courses in extreme circumstances. If either type of modification becomes necessary, reasonable notice and communication with the students will be given with explanation and the opportunity to comment on changes. It is the responsibility of the student to check his/her McMaster email and course websites weekly during the term and to note any changes.

WEEKLY COURSE SCHEDULE (AND/OR IMPORTANT DATES)

Week 1 (September 03)

Topic

Chapter 1: The Global Macroeconomy

Week 2 (September 09)

Topic

Chapter 2: Introduction to Exchange Rates and the Foreign Exchange Market

Week 3 (September 16)

Topic

Chapter 3: Exchange Rates I: The Monetary Approach in the Long Run

Week 4 (September 23)

Topic

Chapter 4: Exchange Rates II: The Asset Approach in the Short Run

Week 5 (September 30)

Topic

Chapter 5: National and International Accounts: Income, wealth, and the Balance of Payments

Notes: Assignment 1 due on October 04

Week 6 (October 07)

Topic

Chapter 6: Balance of Payments I: The Gains from Financial Globalization

Notes: Mid-term 1 in class on October 09

Week 7 (October 14)

Topic

No classes. Mid-term recess

Week 8 (October 21)

Topic

Chapter 7: Balance of Payments II: Output, Exchange Rates, and Macroeconomic Policies in the Short Run

Week 9 (October 28)

Topic

Chapter 8: Fixed Verses Floating: International Monetary Experience

Week 10 (November 04)

Topic

Chapter 9: Exchange Rate Crises: How Pegs Work and How They Break

Notes: Assignment 2 due on November 08

Week 11 (November 11)

Topic

Chapter 9: Exchange Rate Crises: How Pegs Work and How They Break

Week 12 (November 18)

Topic

Chapter 10: The Euro: Economics and Politics

Notes: Mid-term 2 in class on November 18

Week 13 (November 25)

Topic

Chapter 11: Topics in International Macroeconomics

Week 14 (December 02)

Topic

Review