

ECON 476-02: International Finance and Open Economy Macroeconomics
Fall 2016, MW 2:00-3:20, Blow Hall 344

CONTACT INFORMATION

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Office Hours: MW 3:30-5:00, or by appointment

TEXTBOOK

- (Required) Paul Krugman, Maurice Obstfeld, and Marc Melitz, *International Economics*, 10th Edition, Pearson, 2015. You will need MyEconLab for the class. Please see the last two pages for purchase options and the instructions on how to register for MyEconLab

COURSE DESCRIPTION

This course will provide a discussion of international topics of macroeconomic interest. It includes topics such as the balance of payments, interest parity, determination of output and exchange rates in the open economy, purchasing power parity, systems of exchange rates, financial crises, and the international monetary systems.

LEARNING OBJECTIVES

Students should be able to achieve the following course objectives:

- Understand national income accounting and the balance of payments accounts
- Know how to model foreign exchange markets and understand equilibrium via interest parity
- Demonstrate the relationship between monetary policy and foreign exchange markets
- Define the law of one price and purchasing power parity and how they relate to the long-run exchange rate
- Analyze how determinants of AD affect the short-run exchange rate
- Compare fixed and floating exchange rate regimes and understand the policy trilemma
- Have a historical perspective on international monetary systems including the gold standard and the IMF
- Discuss the benefits and costs of financial globalization

PREREQUISITES

ECON 304 (Intermediate Macroeconomic Theory).

ATTENDANCE

Attendance is not required; however I strongly encourage you to attend class. Some of the topics covered in the lectures may not be covered in the textbook and you will be held responsible to know them for exams. Also, from my experience, students who attend class regularly do much better in the class than students who do not regularly attend lectures.

EXAMS

There will be a two in-class exams during the semester: a midterm and a comprehensive final exam. Exams will consist of multiple choice and short answer questions. *Basic* calculators are optional, but graphic calculators or cell phones are not permitted during exams..

Wednesday, October 5	Midterm Exam	20% of your course grade
Monday, December 5	Comprehensive Final Exam	35% of your course grade

If you miss the midterm exam and you have a documented excuse from the Dean's office, the exam's weight will shift to the final exam. Excuses should be documented as far in advance as possible. If you miss an exam without a valid excuse, you will receive a zero and there will be no chance to earn those course points.

Please note that anything discussed in class or any topic in the assigned homework is "fair game" for the exams. There may be material presented in class that is not in your textbook, so make sure that you have a full set of notes from which to study. The exam questions will test your ability to understand and recall basic principles. They will also test your understanding of applications of theories, tools, and models. This means that you must learn to analyze hypothetical and "real world" problems that you encounter for the first time.

HOMEWORKS

A homework will be assigned after every few chapters on MyEconLab (see the course outline below). In total, there will be 5 homework. Each homework is worth a maximum of 25 points (125 total), making up 20% of your course grade. The homeworks will consist of multiple choice questions, short-answer/analytical exercises, and/or reading summaries. They will train you to apply macroeconomic tools and concepts in the same way as you will be required for the exams.

All assignments must be completed by 11:59 pm of the due date. Late work will *not* be accepted. Answers that are vague or incomplete will not receive full credit. I encourage you to seek help if you are confused or want further clarification. I also encourage you to practice other questions from the textbook or consult study guides.

TERM PAPER

You'll complete a 4 page (not including graphs and table) term paper for the class. You'll analyze the various macroeconomics topics discussed in class of a country of your choice (except the US). You'll need to let me know the name of the country by Sept 19. I'll provide further instruction in class on what is expected in the paper.

GRADING PROCEDURES

The classes will be a mixture of lecture, discussion, and review. The weight of the final exam is higher than the midterm exams to reward students who show improvement during the semester. The grading scheme follows:

Activity	Points	Percent
MyEconLab Homeworks (5@25)	125	25%
Midterm Exam I	100	20%
Term Paper	100	20%
Final Exam (comprehensive)	175	30%

If you want to appeal any grading, you must contact me no later than one week from the date I post your score. The following table indicates the minimum number of points needed to guarantee a certain grade.

Grade	Minimum Points	Percent
A	465	93
A-	450	90
B+	435	87
B	415	83
B-	400	80
C+	385	77
C	365	73
C-	350	70
D+	335	67
D	315	63
D-	300	60
F	<300	<60

HONOR CODE

The College of William & Mary has had an honor code since at least 1779. Academic integrity is at the heart of the College, and we all are responsible for upholding the ideals of honor and integrity. The student-led honor system is responsible for resolving any suspected violations of the Honor Code, and I will report all suspected instances of academic dishonesty to the honor system. The Student Handbook (www.wm.edu/studenthandbook) includes your responsibilities as a student and the full Code. Your full participation and observance of the Honor Code is expected. To read the Honor Code, see www.wm.edu/honor

ADA ACCOMODATION

William & Mary accommodates students with disabilities in accordance with federal laws and university policy. Any student who feels s/he may need an accommodation based on the impact of a learning, psychiatric, physical, or chronic health diagnosis should contact Student Accessibility Services staff at 757-221-2509 or at sas@wm.edu to determine if accommodations are warranted and to obtain an official letter of accommodation. For more information, please see www.wm.edu/sas .

ACADEMIC INTEGRITY

All academic work in this course, including homework, quizzes, and exams, is to be your own work, unless otherwise specifically provided. It is your responsibility if you have any doubt to confirm whether or not collaboration is permitted.

Plagiarism is not acceptable. Plagiarism in the form of “deliberate” or “reckless” representation of another’s words, thoughts, or ideas as one’s own without appropriate attribution to the original author in connection with submission of academic work, whether graded or otherwise, is a serious breach of academic integrity demanded by the Honor Code and one of the most common forms of academic misconduct processed by the honor system.

TENTATIVE COURSE OUTLINE

This is a *tentative* outline. Consequently, this outline is subject to change. Any changes will be announced in class.

Exchange Rates I: Basics

National Income Accounting and BoP	Chapter 13	Aug. 29, Aug 31
The Foreign Exchange Market	Chapter 14	September 5, 7
Monetary Policy and Exchange Rates	Chapter 15	September 12, 14

Reminders:

Problem Set #1: Assigned 9/5, Due 9/19

Term Paper Topic: Due 9/19

Last day to add/drop: 9/2

Exchange Rates II: Long-Run vs. Short-Run

Exchange Rates in Long-run	Chapter 16	September 19, 21
Exchange Rates in Short-run	Chapter 17	Sept. 26, Sept. 28
Catch-up/Review		October 3

Reminders:

Problem Set #2: Assigned 9/19, Due 10/3

Fall Break: 10/08-10/11

***Midterm Exam I (Chapters 13-17): Wednesday, October 5

International Macroeconomic Policy

Fixed Exchange Rate Regimes	Chapter 18	October 12, 17
An Historical Overview	Chapter 19	Oct. 19, 24, 26
Financial Globalization	Chapter 20	Oct. 31, Nov. 2
Optimum Currency Areas	Chapter 21	November 7, 9

Reminders:

Problem Set #3: Assigned 10/17, Due 10/31

Problem Set #4: Assigned 10/31, Due 11/14

Fall Break: 10/13-10/14

Last day to withdraw: 10/21

***Term Paper Due: Wednesday, November 21

Developing Countries	Chapter 22	Nov. 14, Nov 16
Paper Summary Discussions		Nov 21
Catch-up/Review		Nov 28, Nov 30

Reminders:

Problem Set #5: Assigned 11/14, Due 11/27

Thanksgiving Break: 11/23-11/27

***Final Exam (Chapters 13-22): Thursday, December 11, 2:00-5:00pm

Students,

Below is the required course material that will need to be purchased prior to the first day of our class. We will be using **Krugman's International Economics: Theory and Policy 10/E text AND MyEconLab (MEL)**, as you will be completing ongoing assignments throughout the semester within this resource. There are three options to choose from, based on your financial needs. The university bookstore located within Barnes and Noble will have these options available to you. Our Pearson Learning Consultant, Katie Claxton, will be attending our first class to assist with registration and show you features within MyEconLab that will be beneficial to your success this semester. Please come prepared with your course material or a credit card/pay pal account to purchase instant access, should you choose the all-digital option. With all options, you will be able to access the etext within MyAccountingLab. You can also download the Pearson Etext App on any Android, iPad, and mobile device and access the entire text! See you soon!

Option #1 (the first row): Access to MEL plus the etext. This is the all digital option access card. Please note, if you wish to purchase this option, you can purchase it directly from www.myeconlab.com

Option #2 (second row): Access to MEL, which also includes the eText AND a loose leaf version of the text (student value edition)

Option #3 (third row): Access to MEL, which also includes the etext AND a new hard cover textbook

Krugman, International Economics: Theory and Policy, 10/E Plus MyEconLab

The screenshot shows a table with columns: Includes Pearson eText?, Access Length, Bookstore ISBN(s), Price to Bookstore, and Instant Access. There are three rows of options. Red callout boxes with arrows point to: 1) 'MyEconLab + etext' (top left), 2) 'MyEconLab + loose leaf version of text' (middle left), and 3) 'MyEconLab + New text' (bottom left).

	Includes Pearson eText?	Access Length	Bookstore ISBN(s)	Price to Bookstore	Instant Access
★ MyLab	with etext		0133426319 9780133426311 16-Jan-2014 AS	\$99.85 net	\$115.00
★ MyLab + Student Value Edition	with etext		0133827259 9780133827255 21-Jan-2014 AS	\$158.15 net	
★ MyLab + Print Text	with etext		0133826945 9780133826944 21-Jan-2014 AS	\$216.95 net	

To register for [ECON 476: International Economics FALL 2016](#):

1. Go to www.pearsonmylabandmastering.com.
2. Under Register, select **Student**.
3. Confirm you have the information needed, then select **OK! Register now**.
4. Enter your instructor's course ID: [sharma49873](#), and **Continue**.
5. Enter your existing Pearson account **username** and **password** to **Sign In**.
You have an account if you have ever used a Pearson MyLab & Mastering product, such as MyMathLab, MyITLab, MySpanishLab, MasteringBiology or MasteringPhysics.
 - > If you don't have an account, select **Create** and complete the required fields.
6. Select an access option.
 - > Enter the access code that came with your textbook or was purchased separately from the bookstore.
 - > Buy access using a credit card or PayPal account.
 - > If available, get temporary access by selecting the link near the bottom of the page.
7. From the You're Done! page, select **Go To My Courses**.
8. On the My Courses page, select the course name [ECON 476: International Economics FALL 2016](#) to start your work.

To sign in later:

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2. Select **Sign In**.
3. Enter your Pearson account **username** and **password**, and **Sign In**.
4. Select the course name [ECON 476: International Economics FALL 2016](#) to start your work.

To upgrade temporary access to full access:

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3. Enter your Pearson account **username** and **password**, and **Sign In**.
4. Select **Upgrade access** for [ECON 476: International Economics FALL 2016](#).
5. Enter an access code or buy access with a credit card or PayPal account.