

Department of Economics  
University of Waterloo  
Winter 2012

**ECON 332 – Section 1  
International Finance**

**INSTRUCTOR**

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**LECTURE HOURS AND LOCATION**

Mondays 7:00 - 9:50 p.m.; EIT 1015

**OFFICE HOURS**

To be announced

**COURSE WEBPAGE**

[http://artsweb.uwaterloo.ca/~s287khan/ECON332\\_W11.htm](http://artsweb.uwaterloo.ca/~s287khan/ECON332_W11.htm)

The course outline, optional assignments, solutions to the optional assignments, solutions to the mid-term exam and other course related materials will be posted on the course webpage. Important announcements concerning the course will also be posted there.

**COURSE DESCRIPTION**

An analysis of the main issues in international finance. Topics include international borrowing and lending, intertemporal gains from trade, current account and balance of trade movements, the determination of exchange rates and foreign exchange markets.

**PREREQUISITES:**

*ECON 201, 202*

**ANTIREQUISITES: (For Mathematics students only)**

BUS 443W

## REQUIRED TEXTBOOK

International Economics: Theory and Policy plus MyEconLab, 9<sup>th</sup> Edition, 2011, Paul Krugman, Maurice Obstfeld and Marc Melitz, Prentice Hall, ISBN: 9780132744836. [KOM]

## TEXTBOOK WEBSITE

<http://www.pearsonhighered.com/krugman/>  
[www.myeconlab.com](http://www.myeconlab.com)

## EVALUATION

Optional Assignments (You do NOT have to Submit)	0%
Optional MyEconLab Practice Questions	0%
Mid-term Exam	40%
Final Exam (Comprehensive)	60%

The course grade will be determined by the following rule:

**Course Grade = maximum {40% of Midterm + 60% of Final, 100% of Final}**

Students **must** write both the midterm exam and final exam to get an option of writing a 100% final exam.

If a student misses the midterm exam due to an acceptable medical reason or for some unavoidable circumstances, the weight of his or her midterm exam will be added to the final exam. Students must report to me the reasons for not writing the midterm exam prior to the exam date or immediately after the exam for my approval.

If a student fails to write the midterm exam without any acceptable reason (subject to my approval), he or she will get zero in the midterm exam. In that case, his or her final exam will worth only 60%. He or she will NOT get an option of writing a 100% final exam.

### **Academic Integrity:**

**Discipline:** A student is expected to know what constitutes academic integrity, to avoid committing academic offences, and to take responsibility for his/her actions. A student who is unsure whether an action constitutes an offence, or who needs help in learning how to avoid offences (e.g., plagiarism, cheating) or about “rules” for group work/collaboration should seek guidance from the course professor, academic advisor, or the Undergraduate Associate Dean. When misconduct has been found to have occurred, disciplinary penalties will be imposed under Policy 71 – Student Discipline. For information on categories of offenses and types of penalties, students should refer to Policy 71 - Student Discipline,

<http://www.adm.uwaterloo.ca/infosec/Policies/policy71.htm>

**Grievance:** A student who believes that a decision affecting some aspect of his/her university life has been unfair or unreasonable may have grounds for initiating a grievance. Read Policy 70 - Student Petitions and Grievances, Section 4, <http://www.adm.uwaterloo.ca/infosec/Policies/policy70.htm>

**Appeals:** A student may appeal the finding and/or penalty in a decision made under Policy 70 - Student Petitions and Grievances (other than regarding a petition) or Policy 71 - Student Discipline if a ground for an appeal can be established. Read Policy 72 - Student Appeals, <http://www.adm.uwaterloo.ca/infosec/Policies/policy72.htm>

**Academic Integrity website (Arts):**

[http://arts.uwaterloo.ca/arts/ugrad/academic\\_responsibility.html](http://arts.uwaterloo.ca/arts/ugrad/academic_responsibility.html)

**Academic Integrity Office (UW):** <http://uwaterloo.ca/academicintegrity/>

### **Accommodation for Students with Disabilities:**

**Note for students with disabilities:** The Office for Persons with Disabilities (OPD), located in Needles Hall, Room 1132, collaborates with all academic departments to arrange appropriate accommodations for students with disabilities without compromising the academic integrity of the curriculum. If you require academic accommodations to lessen the impact of your disability, please register with the OPD at the beginning of each academic term.

### **TIPS TO DO WELL IN THIS COURSE**

- Attend all the lectures and actively participate in class. Studying just from the lectures slides, which will be posted on the course website, is not a substitute of attending lectures. Some of the materials covered during lectures may NOT be available in lecture slides. Feel free to ask as many questions as you want in the class. There is no 'stupid question' in my class.
- Read the textbook and other assigned readings between the lines and go through your lecture notes of the class. If you have any questions, ask me during my office hours.
- Work out all optional assignments and MyEconLab practice questions. These are meant for helping you understand the course materials and prepare you for the exams.
- Go through the solutions to all optional assignments, MyEconLab practice questions and mid-term carefully. If you face any problem, feel free to stop by during my office hours.

## COURSE OUTLINE, LECTURE PLANS AND IMPOARANT DATES

(Reference codes refer to the texts mentioned above)

<b>Date</b>	<b>Topics</b>	<b>References/ Comments</b>
January 9, 2012	National Income Accounting and the Balance of Payments	KOM: Ch 13
January 16, 2012	Exchange Rates and the Foreign Exchange Market: An Asset Approach	KOM: Ch 14
January 23, 2012	Money, Interest Rates, and Exchange Rates	KOM: Ch 15
January 30, 2012	Price Levels and the Exchange Rates in the Long Run	KOM: Ch 16
February 6, 2012	Price Levels and the Exchange Rates in the Long Run	KOM: Ch 16
<b>February 13, 2012</b>	<b>MID-TERM EXAM will be based on Ch 13, 14, 15, and 16</b>	<b>Exam will be held in class</b>
February 20, 2012	Reading Week; No Class	
February 27, 2012	Output and Exchange Rate in the Short Run	KOM: Ch 17
March 5, 2012	Output and Exchange Rate in the Short Run	KOM: Ch 17
March 12, 2012	Fixed Exchange Rates and Foreign Exchange Intervention	KOM: Ch 18
March 19, 2012	Fixed Exchange Rates and Foreign Exchange Intervention	KOM: Ch 18
March 26, 2012	The International Monetary System: A Historical Overview	KOM: Ch 19
April 2, 2012	Financial Globalization: Opportunity and Crisis	KOM: Ch 21

Note: Additional reading materials, if necessary, will be assigned as we make progress through the course.