

**UNIVERSITY OF GUELPH**  
**College of Management and Economics**  
Department of Economics and Finance

ECON\*3860: International Finance

Fall 2011

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Class: Tuesday and Thursday, 1:00 – 2:20 pm, MINS 300

Office hours: Thursday, 2:30 – 4:00, or by appointment.

**Course outline**

It is your responsibility as a student to be aware of and to abide by the University's policies regarding academic misconduct, e-mail communication, maintaining copies of out-of class assignments, what to do when you cannot meet a course requirement and the drop date for this semester. To better understand these policies, visit:

<http://www.economics.uoguelph.ca/student-responsibilities-policies.asp>

**Description:** The course is concerned with the macroeconomic implications of international finance. This includes the determination of exchange rates and their effects on domestic macroeconomic policy with respect to national income, employment, inflation, monetary control and interest rates.

**Main text:** P. Krugman and M. Obstfeld, *International Economics*, 8<sup>th</sup> edition. Pearson [KO] This book has a significant web support (*myeconlab*), access to which is included in the price of a new book. However, the course does not rely on the web component, so that students buying a used copy are not disadvantaged. (Students using used copies may purchase web access through the publisher's website, if they want.)

**Evaluation:** Two in-class midterms are scheduled for Thursday, October 6 (20%) and Thursday, November 3 (20%). The final examination is worth a maximum of 60%, and is scheduled for December 12, 8:30 -10:30.

**Feedback:** You will be asked to complete an evaluation of this course at some time during the last two weeks of the semester. The Department of Economics policy regarding the conduct and use of these evaluations will be found at:

<http://www.economics.uoguelph.ca/course-evaluation.asp>

- Week 1: Introduction. Key concepts and the Canadian context. KO Ch 1
- Week 2 & 3: Overview of the determinants of international trade. KO Chs 2 – 6.
- Week 4: The balance of payments. KO Ch 12.
- Week 5: Money, asset markets and exchange rates. KO Ch 13.
- Week 6 & 7: Exchange rates in the long-run and the short-run. KO Chs 14 – 16.
- Week 8: Exchange rate policy? KO Ch17.
- Week 9 & 10: Macroeconomic policy under floating exchange rates. KO Chs 18, 19.
- Week 11: Optimal currency areas. KO Ch 20.
- Week 12: Global capital markets. KO Ch 21.