

ECO365H1S - International Monetary Economics

Winter 2011

Lectures :

- **L0101** : Monday 10:10 a.m. - 12:00 p.m. (Ramsay Wright 117)
- **L0102** : Monday 2:10 p.m. - 4:00 p.m. (Ramsay Wright 117)

Instructor : Kunal Dasgupta

Office : Max Gluskin House, 150 St George Street, Room 328

E-mail : kunal.dasgupta@utoronto.ca

Website : <http://www.economics.utoronto.ca/kdasgupta/teaching.htm>

Office hours : Monday 4:30-6:00 p.m.

Teaching assistants : Etienne Robitaille (etienne.robitaille@utoronto.ca), Grigorios Spanos (grigorios.spanos@utoronto.ca)

Office hours : TBA

Objective

This course is an introduction to open economy macroeconomics and international finance. The core objective of the course is to develop macroeconomic models of open economies that can be applied towards gaining an understanding of recent events such as US current account deficit, currency crisis in Argentina, the sub-prime mortgage crisis and the vulnerability of the Euro.

Prerequisites

ECO202Y1 or, ECO208Y1 or, ECO209Y1. You should also take a look at the *Document on Prerequisites* posted on Blackboard under COURSE INFORMATION.

Exclusions

ECO230Y1 or ECO328Y

Textbook

The main textbook for the course is Robert Feenstra and Alan Taylor's, *International Macroeconomics* (FT), Worth Publishers, 2008, (ISBN-10: 1-4292-0691-8). This book is available

for purchase at the UofT bookstore. It is also available at the Short-Term Loan Service at the Robarts Library (3rd Floor) in very limited numbers. FT is available in both bound, as well as, loose leaf versions. From time to time, I shall also post articles from other sources like The Economist, New York Times, The Wall Street Journal, etc.

Marking scheme

There will be 2 on-line quizzes, each worth 5 percent of the total grade. There will also be an assignment worth 10 percent of the total grade. The mid-term, to be held during regular lecture hours, will be worth 30 percent of the total grade. The rest, i.e. 50 percent of the grade will be based on performance in the Final exam.

Important Dates

10th January	First lecture
30th January	Quiz 1 due
20th February	Assignment due
21st-25th February	Reading Week
28th February	Midterm
13th March	Last day to drop course
27th March	Quiz 2 due
4th April	Last lecture

Administrative details

1. (Missing quizzes or exams): If you miss a quiz or the assignment, you lose all the points. If you miss the midterm for health reasons and present a medical note *within one week* of the date of the test, the entire weight will be shifted to the final exam. Failure to produce a medical note in time will result in a mark of 0 on the midterm. Note that *the only medical note that will be accepted is the University of Toronto Student Medical Certificate* (see the Registration Handbook & Timetable for a copy of the certificate). You should keep in mind that if you miss a test for medical reasons, then you **MUST** complete the Absence Declaration on ROSI to record your absence (<http://www.artsci.utoronto.ca/current/undergraduate/absence>). You must also provide me with a printed confirmation of the Absence Declaration along with your medical note.
2. (Academic misconduct): *I shall not tolerate any form of academic misconduct.* Punishment for such an offense could range from failing the course to suspension or dismissal

from the university. Please review the University's Code of Behavior on Academic Matters regarding what constitutes an academic offense. You should also take a look at the website of the Academic Success Center (<http://www.asc.utoronto.ca/>) .

3. (Appealing an exam): Appeals regarding the grading of a test must be submitted to me or to the TA in writing, within one week of your receipt of the graded work. If I find the complaint justified, I (and not the TA) shall re-grade *the entire exam*. Since I am a less lenient grader than the TA, this could lead to your grade going up *or down*. So, think twice before you appeal your grades.
4. (E-mail policy): I shall try my best to respond to e-mail within 48 hours on a weekday, 72 hours on a weekend. When you send me an e-mail, always write the course number on the Subject line, i.e., ECO365. Every day I receive numerous e-mails, and if the subject line is not informative, I might inadvertently delete your e-mail. Please use e-mails for appointments, administrative or urgent matters. Note, however, that I shall not reply to e-mails requesting information that can be found on the website or the syllabus; so you should check those places first. For clarification regarding course material, please see me or the TA during office hours.
5. (Attendance): Attendance is not compulsory. Keep in mind, however, that the textbook and the lectures are not substitutes but complements.
6. (Accessibility needs): The University of Toronto is committed to accessibility. If you require accommodations for a disability, or have any accessibility concerns about the course, the classroom or course materials, please contact Accessibility Services as soon as possible: disability.services@utoronto.ca or <http://studentlife.utoronto.ca/accessibility>

Course outline

1. Introduction

- FT Chapter 1

2. Exchange Rate and the Foreign Exchange Market

- FT Chapter 2

3. Exchange Rate and the Long Run

- FT Chapter 3

4. Exchange Rate and the Short Run

- FT Chapter 4

5. National Income Accounts and Balance of Payments

- FT Chapter 5

6. Output, Exchange Rate and Macroeconomic Policies in the Short Run

- FT Chapter 7

7. The International Monetary Experience

- FT Chapter 8

8. Exchange Rate Crisis

- FT Chapter 9

9. Optimum Currency Area and the Euro

- FT Chapter 10

10. The Financial Crisis of 2008 (*if time permits*)

- Lecture notes