



**ECON 405B International Monetary Theory and Policy
CRN 11195**

Fall 2022

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Office Hours: Tuesday, Friday 1:30–2:30
Office: BEC 370
Course Material: [405B Brightspace](#)

Course Content

Calendar Entry & Pre-requisites:

A study of international macro economics, covering exchange rates, determinants of balance of payments, alternate exchange rate systems, capital mobility, the international monetary system, and open economy macro economic policies.

Pre-requisites: ECON 203 and ECON 204; & ECON 345 or ECON 365; & ECON 225 or equivalent

Course Description:

International monetary theory and policy deals with macroeconomic issues in an international context. Building on previous courses in macroeconomics, this course will examine in detail the balance of payments, exchange rates, the interdependence between economies, and macroeconomic policies in an open economy environment.

The course will have two related but distinct themes. Both are equally important. The first is the structure and measurement of the open economy. Macroeconomics is a data-driven discipline and an understanding of the structure of an open economy such as Canada, and how we measure it, is critical to understanding how the macroeconomy operates. Three data-intensive assignments will provide the basis for this part of the course.

The second theme is economic theory and policy issues bearing on the inter-relationships between open economies. This will involve mastering macroeconomic modelling methods in the open economy context, including treatment of market expectations, and using these methods to analyze macroeconomic behaviour.

The two themes will be brought together throughout the course, developing economic theory to provide a structure and framework for understanding macroeconomic data and events in an open economy such as Canada.

Textbook

There is no set textbook for this course. Detailed lecture notes and slides, as well as additional readings, will form the basis of the set material. These will be available on [405B Brightspace](#) or through the library.

University of Victoria Territory Acknowledgement

We acknowledge and respect the ɫə́kʷəŋən peoples on whose traditional territory the university stands and the Songhees, Esquimalt and W̱SÁNEĆ peoples whose historical relationships with the land continue to this day.

For more information about the university's territorial acknowledgement, see [University of Victoria Territory Acknowledgement](#).

Grading

The final grade for the course will be determined as follows:

Assignments (3 @ 20%)	60%
Final Exam	40%

The grading scale for the course follows the university's grading system from the Grading section of the [Undergraduate Academic Regulations](#) in the University Calendar. Students should review this as well as the other academic regulations.

N Grades

Failure to submit all three assignments will result in an N grade.

Failure to take the final examination will result in an N grade.

Assignments

There are three assignments to be handed in. The assignments will involve the collection, presentation, and assessment of macroeconomic data related to particular issues and, in some instance, the use of economic modelling. The assignments will also include analytical questions related to the course material.

Assignments will be marked on the quality of the response to the questions, clarity of exposition, and quality of presentation. These assignments are lengthy and will require a substantial amount of time and effort. An example of a completed assignment will be available on [405B Brightspace](#).

Students may work individually or in pairs (no larger than two — not negotiable). Assignments must be submitted with a signed cover sheet available from the course web page. Only those students that sign the cover sheet and provide the appropriate information will receive the grade for the assignment.

The assignments are long and time-consuming.

Assignment due dates:

Assignment 1	4:00pm, 7 October
Assignment 2	4:00pm, 4 November
Assignment 3	4:00pm, 2 December

Late assignments will not be accepted. Assignments without proper cover sheet will not be accepted.

Students are not permitted to use an editor, whether paid or unpaid, for their assignments. This does not include spell-checking and or basic grammar software, which is permitted.

Each assignment is worth equal marks for a total of 60% of your final grade.

In the event of concerns about contributions to assignments, I reserve the right to examine students in person concerning their understanding of their submitted work and adjust their mark accordingly. See also the remarks below on plagiarism and cheating.

University and Course Policies

Students should be familiar with the [Undergraduate Academic Regulations](#) for the University. See also the the [Undergraduate Course Policies](#) of the Department of Economics.

The following policies are explicitly included because of their importance.

Waitlists

You must review the department policies on waitlists available on the link above.

Students who are still waitlisted in a course after the course-add deadline should stop attending/completing coursework. Students are responsible for being aware of this deadline and will not be eligible for credit in the course despite continuing to complete coursework.

Academic Integrity

Academic integrity requires commitment to the values of honesty, trust, fairness, respect, and responsibility. Students are expected to observe the same standards of scholarly integrity as their academic and professional counterparts. A student who is found to have engaged in unethical academic behaviour, including the practices described in the Academic Integrity section of the [Undergraduate Academic Regulations](#) in the University Calendar, is subject to penalty by the University.

Review [What is Plagiarism](#) for the definition of plagiarism. Note: Submitted work may be checked using plagiarism detection software.

Student Code of Conduct

The Humanities, Science, and Social Sciences Faculties have adopted this [student code of conduct](#), which should be reviewed.

University Policy on Human Rights, Equity and Fairness

The University is committed to promoting, providing and protecting a positive, supportive and safe learning and working environment for all its members. See [General University Policies](#).

Accessibility and Health Resources

[Centre for Accessible Learning \(CAL\)](#) – Students with diverse learning styles and needs are welcome in this course. In particular, if you have a disability/health consideration that may require accommodations, you are free to approach me; however, you must register with the Centre for Accessible Learning formal arrangements to be made. The CAL staff are available by appointment to assess specific needs, provide referrals and arrange appropriate accommodations. The sooner you let us know your needs the quicker we can assist you in achieving your learning goals in this course.

[Health and Counselling Services](#) – University Health Services (UHS) provides a full service primary health clinic to support students' mental, physical and spiritual health.

[Support Connect](#) – a 24/7 mental health support service for students.

[Elders' Voices](#) – The Office of Indigenous Academic and Community Engagement (IACE) has the privilege of assembling a group of Elders from local communities to guide students, staff, faculty and administration in Indigenous ways of knowing and being.

Sexualized Violence Prevention and Response

Students are encouraged to learn more about how the university defines sexualized violence and its overall approach by visiting [Sexualized Violence](#). If you or someone you know has been impacted by sexualized violence and needs information, advice, and/or support please contact the sexualized violence resource office in Equity and Human Rights (EQHR). Contact svpcoordinator@uvic.ca.

Course Experience Survey (CES)

Towards the end of term you will have the opportunity to complete a confidential course experience survey (CES) regarding your learning experience. The survey is an important means of providing me feedback about the course

and my teaching, as well as to help the department improve the overall programme for students in the future.

When it is time for you to complete the survey, you will receive an email inviting you to do so. If you do not receive an email invitation, you can go directly to the [CES dashboard](#). You will need to use your UVic NetLink ID to access the survey, which can be done on your laptop, tablet or mobile device. I will remind you nearer the time but please keep all this in mind, especially the following three questions, during the course.

- What strengths did your instructor demonstrate that helped you learn in this course?
- Please provide specific suggestions as to how the instructor could have helped you learn more effectively.
- Please provide specific suggestions as to how this course could be improved.

Electronic devices

This is a relatively small class that I hope will be lively and interactive. That will not be possible if students are accessing electronic devices during lectures. I strongly discourage the use of laptops during the lectures and phones must not be used. The quality of your engagement, which will be limited if you are texting or using electronic devices for non-course related purposes, will influence your overall performance in the class. As a courtesy to your fellow students, to me, and to ensure you perform as well as you can in the class — turn off your phones, bring a notepad, and leave your computers in your bag.

Course Outline

The following is an outline of the themes of the course. The exact timing will depend upon how we progress and we may not be able to cover all of the material.

1. National Accounts and Balance of Payments
2. Exchange Rates and Interest Rates
3. Long-run Models of the Exchange Rate
4. A Model of the Open Economy
5. The International Monetary System

Learning Objectives*General*

- Foundational knowledge for the discipline
e.g. global macroeconomic policy environment
- Analytical reasoning using mathematical modelling
e.g. analysis of macroeconomic policy models; general policy modelling principles
- Critical evaluation of existing theoretical methods
e.g. analysis of macroeconomic policy models; general policy modelling principles
- Data skills: Collection & presentation of data
e.g. Assignments
- Communication skills: Analytical writing
e.g. Assignments

Specific Concepts

- Balance of payments
- Global macroeconomic policy environment
- Foreign exchange markets — from a macroeconomic perspective
- International asset (bond) markets — from a macroeconomic perspective
- Fixed and flexible exchange rates
- Monetary policy: choice of exchange rate systems
- Fiscal and monetary policy in the open economy

Specific Models or Modelling Methods

- Purchasing Power Parity
- Uncovered and covered interest rate parity
- Rational expectations
- New Keynesian open economy model (simplified)