

# CHICAGO BOOTH

## Business 33502: International Financial Policy

Fall 2019

Brent Neiman

### Course Information

#### **Contact Information:**

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Course webpage: Canvas

Teaching Assistant: Piotr Zoch ([pzoch@uchicago.edu](mailto:pzoch@uchicago.edu))

#### **Office Hours:**

- You should first contact the TA for all administrative questions, including on grading, and should feel free to bring the TA questions about the material. To schedule office hours with Piotr, [email him in advance](#) to arrange a time/place. You are likely to get the most help if you email the topic you'd like to review. Office hours are not designed to replace attendance. You should feel comfortable asking Piotr for up to 30 minutes of help, once every couple of weeks.
- If you prefer to discuss course material with me, I can meet with students in 15 minute blocks on Wednesdays from 9-10am, Weeks 1-10, in Harper Center 408. [Please email in advance to reserve a block](#). If those times do not work for you, or if there's excess demand, please email and we'll figure out an alternative arrangement.

#### **Course Overview:**

This is a course on open-economy macroeconomics with a focus on exchange rates, including their impact on financial variables and their determinants. In particular, we will cover:

- Theories of exchange rate determination and how well they match the data
- The role of exchange rates in the macroeconomy and the implications for businesses
- The choice of exchange rate regime, including monetary unions like the euro area
- International borrowing/lending and the sustainability of current accounts
- The roles of the International Monetary Fund and World Bank
- Fiscal and monetary policy in an open economy
- International financial crises
- Tax policies such as border adjustment where open-economy themes are most salient

Extensions and applications of the frameworks taught in the course should enable students to better understand the macro policy environment and to operate effectively in the global marketplace.

#### **Prerequisites and Enrollment:**

The course assumes familiarity with macroeconomics (Bus33040 or equivalent), but this is not a strict prerequisite. You will not be allowed to audit the course or to take it pass/fail.

#### **Textbook and Readings**

We will broadly follow the textbook by Krugman, Obstfeld, & Melitz, *International Economics: Theory and Policy*, 11<sup>th</sup> edition. As described in my initial email, this version is a bit unusual in that it is generally for

rent and use as an ebook (and might be expensive as a hardcover). If you prefer to use the 10<sup>th</sup> edition (in print), that will be fine too.

I will attempt to make all additional readings available directly through links on Canvas. You are expected to do all required readings and are responsible for this material in quizzes and exams. You may choose whether to do the required readings before or after class.

Lecture notes, readings, practice questions, and announcements will be posted on Canvas for the course in advance of class. I'll also have printed copies of the lecture notes available at each class. If you plan on grabbing those lecture notes, please make sure to do so before class starts.

### **Homework Assignments:**

- There will be 3 assignments that can be done in groups (of no more than 3 people).
- You may work in groups with students in other sections, but then the due date for the entire group is the earliest among all members.
- Prior to submitting assignment 1, please self-enroll via Canvas in groups (this is NOT necessary if you are working alone). If you have any difficulties, or if you'd like to subsequently change groups, please email [canvas@chicagobooth.edu](mailto:canvas@chicagobooth.edu).
- Assignments should be submitted digitally through Canvas. Late assignments are accepted with a steep penalty that increases with each late day. After a couple of days, I will not accept further assignments and a grade of zero will be given.
- Occasionally, submitted assignments do not make it to us due to problems with Canvas or other errors. In such cases, we will email you within 2 days of the homework's due date and expect you to respond within 1 day with your solutions attached. If more than one day passes and we have no response, the assignment will earn a grade of zero. (Therefore, if you know you will be offline, be sure to make arrangements with your group-mates or email the TA with the attachment for robustness.)

### **Quizzes:**

- There will be 6 short, in-class quizzes (weeks 2-4 and 7-9). The quizzes will cover the material covered in previous classes.
- I will drop the bottom 2 quizzes when computing your average quiz grade (i.e. the quiz grade will be based only on the best 4 of 6 quizzes).
- Quizzes will cover roughly the first 10 minutes of class. Late arrivals may have difficulty finishing.

### **Midterm and Final Exams:**

- During the fifth week, there will be a 2-hour midterm examination. In the interest of flexibility, the midterm exam is optional. However, it is in your best interest to take the midterm (see grading policies below). Students can bring in one side of one sheet of hand-written notes to the midterm.
- A 2-hour (required) final exam will be given during finals week. The final will cover the entire course. Students can bring in one sheet of hand written notes to the final. (You may use both sides for the final, so that you can simply build on the sheet from the midterm if desired.)

### **Grading:**

- The following weights are used to calculate your final grade:
  - Quizzes: 25 percent (I drop your bottom two quiz scores)
  - Assignments: 15 percent
  - Midterm: 20 percent
  - Final: 30 percent
  - Professionalism: 10 percent

When averaging across quizzes, assignments, midterm, and final, I will not adjust for differences in the means and variances of the different elements.

- If you do not take the midterm, the quizzes will count 35 percent and the final 40 percent. If you do take the midterm, I will calculate your score with and without it and choose the higher one – taking the midterm cannot hurt your grade.
- The vast majority (or all) of you will earn full credit for the professionalism portion of the grade, which would only be deducted in rare circumstances. For instance, failure to turn in exams after I call “time” or other such behaviors may result in a deduction.

### **Makeups and Alternate Class Policies:**

- Other than for the final exam and subject to the below three caveats, you may attend any one of the three class sections, including for the quizzes and midterm. Caveats:
  - You may only attend any portion of one lecture. You cannot, for example, take the quiz in one section but attend the lecture in another.
  - If we run out of space, chairs are reserved for those students registered for that section.
  - I cannot guarantee this policy doesn’t change -- if space becomes too constrained, or if we run into fire-code restrictions, I’ll have to require you attend only your registered section. You should therefore not take this course unless you are prepared to sit in only on the section you’ve registered for.
- There is no makeup for quizzes and the midterm. Instead, I drop two quizzes and the midterm is optional.
- There is no planned makeup for the final exam. It must be taken in your registered section.
- If for a valid reason (e.g. family emergency, birth of a child, etc.) you cannot take the final and the Dean's office verifies the situation, I will make arrangements for a makeup. There are very few circumstances that could be known in advance that would qualify, but be sure to contact me as soon as possible should a situation arise.
- If you do not take the final and do not have a valid reason (as defined above), you will fail the class.

### **Provisional Grades:**

I will give provisional grades, but only to students that have taken the midterm exam and whose grades I judge to be significantly above the passing threshold at the time the provisional grades are requested. If you will be requiring a provisional grade, I strongly discourage you from missing any quizzes until you have four scores well above the passing threshold.

### **Re-Grades:**

Requests for re-grades will be considered for one week after the exams, assignments, and quizzes are returned to you. All requests for re-grades must be made in writing and must include an explanation of why the original grade is not justified. Please be aware that your points and grade could go down during the re-grading process. Should you request a re-grade, please send all relevant information in an email to the TA, CCing me. If after interacting with the TA, you still are unhappy with the result, please feel free to reach out directly to me.

### **Class Participation**

There is no explicit participation grade, but your thoughtful comments, questions, and discussion are greatly appreciated and encouraged. Please speak up!

### **Honor Code**

Students in my class are required to adhere to the standards of conduct in the Booth School Honor Code and the Booth School Standards of Scholarship. Students are required to sign the following Booth School Honor Code pledge on every examination: "I pledge my honor that I have not violated the Booth School Honor Code during this examination."