

# University of Wisconsin – Madison

## Syllabus: Econ 666 [Fall 2018], Issues in International Finance

**Meeting: Tuesdays and Thursdays, 1:00PM-2:15PM @ Soc Sci 6104**  
**Instructional mode: all face to face**

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Professor
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Office hours: TBD

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Modern economies are connected through goods markets (e.g., trading steel) and financial asset markets (e.g., exchanging dollars for Euros). This course focuses on the international exchange of financial instruments: currencies, bonds, equities, derivatives, and more. While we focus on asset markets, we will see that goods trade and asset trade are tightly linked.

Global financial asset markets are enormous: Currency trading averages more than \$5 trillion dollars **per day**. Our goal is to understand how international asset markets work and to develop theories to help us understand how decisions made in one country spill over into other markets.

### Learning outcomes

Upon course completion, students will be able to:

1. Understand how foreign exchange markets work and use interest and purchasing power parity theories to describe how changes in the economic environment affect exchange rates.
2. Connect unbalanced trade in goods to trade in financial assets and understand the link between trade deficits/surpluses and a country's net international investment position.
3. Access and analyze data on cross-country asset flows and exchange rates.
4. Use economic theory to interpret policies such as the Bretton Woods agreement, the Euro, and Argentina's fixed exchange rate regime.

### Course attributes

Counts as Liberal Arts and Science credit in L&S; Counts toward 50% graduate coursework requirement; Advanced

### Requisites

(ECON 301 or 311), (ECON 302 or 312), (ECON 310, STAT 302, or 311), and (MATH 221 or 275)

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## Course materials

1. **Website:** The course web site (<http://kimjruhl.com/f18-int-fin>) is the central clearing house for everything related to the course. Here you will find a week-by-week schedule.
2. **Textbook:** We will use the book *International Economics* (Third edition) by Feenstra and Taylor.
3. **News:** I expect you to read regularly a publication that covers economic topics. My favorites are *The Economist* and the *The Wall Street Journal*, but *The New York Times*, *Bloomberg.com*, or any other suitable publication or website will do.
4. **Slides:** I generally post slides for the day's class one hour before class. I post revised and marked up versions of the slides after class. The slides are not a substitute for attending class.

## Number of credits and how credit hours are met by the Course

This three-credit course has two 75 min lectures per week. Students are expected to work approximately 6 hours per week outside of class to complete assignments and learn the relevant material.

## Deliverables and grades

Your final grade is made up of

1. Five *problem sets*. In the problem sets, you will be asked to compute numerical examples similar to ones we have covered in class, find and analyze data, and use the principles we are studying to analyze and comment on various issues.  
You may discuss the problem sets with other students, but the work you turn in should be your own.  
Each problem set is scored as a "check minus," a "check," or a "check plus." I drop the lowest assignment and each of the remaining assignments is worth one percentage point in your final grade. Scores of "check" or "check plus" receive the full one percent. Scores of "check minus" receive no credit.
2. Three *in-class exams*. The exams cover any material from class or assigned as reading. You may use one sheet of notes (letter size paper, both sides) and a calculator, but you may not use any device that is capable of wireless transmission.

	Weight in final grade
Best four problem sets	4%
Exam I	32%
Exam II	32%
Exam III	32%

Note that attendance and participation are not part of your final grade. Due dates are posted on the course website. **Late assignments will not be accepted.**

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## **Economics Career Development Office**

If you are interested in learning more about careers related to this course or careers for economics majors, you are encouraged to contact the Economics Career Development Office. This office is staffed by economics-specific career advisors who can help you throughout the job/internship exploration and application process. To learn more or make an appointment, visit their website: <http://econ.wisc.edu/careers>.

### **Misconduct statement**

Academic Integrity is critical to maintaining fair and knowledge based learning at UW Madison. Academic dishonesty is a serious violation: it undermines the bonds of trust and honesty between members of our academic community, degrades the value of your degree and defrauds those who may eventually depend upon your knowledge and integrity.

Examples of academic misconduct include, but are not limited to: cheating on an examination (copying from another student's paper, referring to materials on the exam other than those explicitly permitted, continuing to work on an exam after the time has expired, turning in an exam for regrading after making changes to the exam), copying the homework of someone else, submitting for credit work done by someone else, stealing examinations or course materials, tampering with the grade records or with another student's work, or knowingly and intentionally assisting another student in any of the above. Students are reminded that online sources, including anonymous or unattributed ones like Wikipedia, still need to be cited like any other source; and copying from any source without attribution is considered plagiarism.

The Department of Economics will deal with these offenses harshly following UWS14 procedures:

1. The penalty for misconduct in most cases will be removal from the course and a failing grade,
2. The department will inform the Dean of Students as required and additional sanctions may be applied.
3. The department will keep an internal record of misconduct incidents. This information will be made available to teaching faculty writing recommendation letters and to admission offices of the School of Business and Engineering.

If you think you see incidents of misconduct, you should tell your instructor about them, in which case they will take appropriate action and protect your identity. You can also choose to contact our department administrator, Tammy Herbst-Koel ([therbst@wisc.edu](mailto:therbst@wisc.edu)), and your identity will be kept confidential.

For more information, refer to <https://www.students.wisc.edu/doso/academic-integrity>

### **Grievance procedure statement**

The Department of Economics has developed a grievance procedure through which you may register comments or complaints about a course, an instructor, or a teaching assistant. The Department continues to provide a course evaluation each semester in every class. If you wish to make anonymous complaints to an instructor or teaching assistant, the appropriate vehicle is the course evaluation. If you have a disagreement with an instructor or a teaching assistant, we strongly encourage you to try to resolve the dispute with him or her directly. The grievance procedure is designed for situations where neither of these channels is appropriate.

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If you wish to file a grievance, you should go to room 7238 Social Science and request a Course Comment Sheet. When completing the comment sheet, you will need to provide a detailed statement that describes what aspects of the course you find unsatisfactory. You will need to sign the sheet and provide your student identification number, your address, and a phone where you can be reached. The Department plans to investigate comments fully and will respond in writing to complaints. Your name, address, phone number, and student ID number will not be revealed to the instructor or teaching assistant involved and will be treated as confidential. The Department needs this information, because it may become necessary for a commenting student to have a meeting with the department chair or a nominee to gather additional information. A name and address are necessary for providing a written response.

### **Accommodations for students with disabilities**

McBurney Disability Resource Center syllabus statement: “The University of Wisconsin-Madison supports the right of all enrolled students to a full and equal educational opportunity. The Americans with Disabilities Act (ADA), Wisconsin State Statute (36.12), and UW-Madison policy (Faculty Document 1071) require that students with disabilities be reasonably accommodated in instruction and campus life. Reasonable accommodations for students with disabilities is a shared faculty and student responsibility. Students are expected to inform faculty [me] of their need for instructional accommodations by the end of the third week of the semester, or as soon as possible after a disability has been incurred or recognized. Faculty [I], will work either directly with the student [you] or in coordination with the McBurney Center to identify and provide reasonable instructional accommodations. Disability information, including instructional accommodations as part of a student’s educational record, is confidential and protected under FERPA.” <http://mcburney.wisc.edu/facstaffother/faculty/syllabus.php>

### **Diversity and inclusion**

Institutional statement on diversity: “Diversity is a source of strength, creativity, and innovation for UW-Madison. We value the contributions of each person and respect the profound ways their identity, culture, background, experience, status, abilities, and opinion enrich the university community. We commit ourselves to the pursuit of excellence in teaching, research, outreach, and diversity as inextricably linked goals.

The University of Wisconsin-Madison fulfills its public mission by creating a welcoming and inclusive community for people from every background people who as students, faculty, and staff serve Wisconsin and the world.” [<https://diversity.wisc.edu>]