EC 410, International Capital Markets  
Syllabus - Fall Semester, 2010

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Office Hours: Mon, Wed, Fri 9:15 – 10:30am  
Recommended Materials: *The Wall Street Journal* & *The Economist*

Grading System:  
- Research Paper 40%  
- Unit I Exam  15%  
- Unit II Exam  15%  
- Unit III Exam  15%  
- “Pop” Quizzes  15%  
- Class Participation 5% (extra credit)

Grade Scale: Final Grades will be based on the (weighted) average of the research paper, 3 unit tests and the quizzes.  
- A  92 % Average or greater  
- A- Between 90.0 % and 91.999%  
- A+ Between 88.0 % and 89.999%  
- B+ Between 82.0 % and 87.999%  
- B Between 80.0 % and 81.999%  
- B- Between 78.0 % and 79.999%  
- C+ Between 72.0 % and 77.999%  
- C Between 70.0 % and 71.999%  
- C- Between 68.0 % and 69.999%  
- D+ Between 62.0 % and 67.999%  
- D Between 60.0 % and 61.999%  
- D- Between 58.0 % and 59.999%  
- F Less than 60.0 %

Class Schedule - EC 410

**Part I – The Balance of Payments Accounts**

Week #1  
W Sept 8  Course Introduction  
F Sept 10  Chapter 16 Payments Among Nations  

Week #2  
M Sept 13  Chapter 16 (continued)  
W Sept 15  Introduction to National Economic Indicators data  
F Sept 17  Introduction to the Financial Crisis

**Part II – The Foreign Exchange System**

Week #3  
M Sept 20  Chapter 16 (continued)  
W Sept 22  Chapter 16 (continued)  
F Sept 24  Introduction of the Research Project  

Week #4  
M Sept 27  Chapter 17: The Foreign Exchange Market  
W Sept 29  Chapter 17 (continued)  
F Oct 1  Chapter 19: What Determines Exchange Rates?
Week #5  
M  Oct 4  Chapter 19 (continued)  
W  Oct 6  Research Paper – rough outline due – 1 page (Pop Quiz value)  
F  Oct 8  Chapter 19 (continued)  
Chapter 20: Government Policies Toward the FX Market

Week #6  
M  Oct 11  Chapter 20 (continued)  
W  Oct 13  Chapter 20 (continued)  
F  Oct 15  Review

Week #7  
M  Oct 18  Unit I Exam  
W  Oct 20  Chapter 21: International Lending & Financial Crises  
F  Oct 22  Chapter 21 (continued)

Week #8  
M  Oct 25  Chapter 21 (continued)  
W  Oct 27  Chapter 22: How Does the Open Macroeconomy Work?  
F  Oct 29  Chapter 22 (continued)

Week #9  
M  Nov 1  Chapter 22 (continued)  
W  Nov 3  Chapter 22 (continued)  
F  Nov 5  Chapter 22 (continued)  
Chapter 23 Internal & External Balance with Fixed Exchange Rates

Week #10  
M  Nov 8  Chapter 23 (continued)  
W  Nov 10  Chapter 23 (continued)  
F  Nov 12  Chapter 23 (continued)

Week #11  
M  Nov 15  Chapter 23 (continued)  
W  Nov 17  Review  
F  Nov 19  Unit II Exam

Week #12  
M  Nov 22  Chapter 24: Floating Exchange Rates & Internal Balance  
Nov 24 –26  Thanksgiving Vacation

Week #13  
M  Nov 29  Chapter 24 (continued)  
W  Dec 1  Chapter 24 (continued)  
F  Dec 3  Chapter 25: National & Global Choices-Floating Rates and the Alternatives

Week #14  
M  Dec 6  Chapter 25 (continued)  
W  Dec 8  Review  
F  Dec 10  Unit III Exam
The purpose of the research is to document and explain recent (circa) 1980 - 2010 macroeconomic conditions of a country and how these conditions were affected by international capital flows and other pertinent international issues. These conditions include factors such as: GDP and its components, capital flows, exchange rates, interest rates, inflation rates, unemployment rates, corruption indicators, central bank independence, etc.

The paper will consist of three sections. 1- Business cycle conditions – a summary of the most important strengths and weaknesses of the country in recent history. 2 – The impact of the international capital markets on the domestic economy. E.g. international capital flow issues, international policies of the country, and foreign sector conditions. 3- A reasoned assessment of the future course of the domestic with recommended policy(s) that the country should pursue.

Evaluation Criteria

15 % Organization - i.e. Is there a clear sense of direction? Introduction – Body – Conclusions. Evidence or statistics are presented in a logical manner to support ideas discussed in the paper.

20 % Style – Correct use of grammar. Spelling. Do not write in 1st or 2nd Person (e.g. I, we). Do not cut and paste graphs or tables found on the internet. Consecutively numbered footnotes should appear at the bottom of each page. 1 inch left and right margins and 0.5 inch margins at the top and bottom of each page. ALL sources of information should be identified at the bottom of figures and tables. Single space with a double-space between paragraphs. Paper Length – 10 pages of written material. Figures and tables should be inserted within the text, not at the end of the paper.

65% Analysis – The paper should reflect the application of economic concepts studied in class to economic conditions found in the country. Any graphs such as IS-LM-FE curves or FX supply and demand curves may be hand drawn. The accurate portrayal of the country’s economic conditions can be shown by drawing the lines with the appropriate slopes. The ability to do this demonstrates “the application of economic concepts studied in class to economic conditions found in the country”.

The ability to find and present important data not given to you or the ability to transform data in an analytical manner or present it in a creative manner is evidence of the student’s understanding of the data. For example, the calculation of the government deficit as a % of GDP may be a useful statistic to facilitate international comparisons, or perhaps, simply, the calculation of the rate of appreciation/depreciation of a currency.

Finally, it is expected that national events/trends/issues will be correctly identified.

Due Date: Dec 6, 2010 – in class. Grades for late papers will decrease by one letter grade for each day they are late.