



## Department of Economics Course Outline

**Term:** Spring 2006

**Course:** Economics 423  
[International Macroeconomics]

**Section:** 20

**Time:** MW 14:00 - 16:50

**Place:** ST 27

**Instructor:** Dr. Z. Janko

**Office:** SS 450

**Telephone:** 220-6101

**Office Hours:** MW 12:30 ? 13:30

**E-Mail:** [zjanko@ucalgary.ca](mailto:zjanko@ucalgary.ca)

### Textbook(s):

Paul R. Krugman and Maurice Obstfeld (2002), *International Economics: Theory and Policy*, 6th Edition, Addison Wesley Educational Publishers **[Required]**

P. King and S.King (2000), *International Economics and International Economic Policy*, 4th Edition, McGraw-Hill Publishers. **[Recommended]**

Note: You will be required to read articles from King and King.

### Book(s) on Reserve:

P. King and S. King (2000), *International Economics and International Economic Policy*, 4th Edition, McGraw-Hill Publishers.

### Course Outline:

The focus of the course is on exchange rate determination. We will analyze the impact of monetary policy, fiscal policy, and other factors on the exchange rate under alternative exchange rate systems in the context of a structural model. The

model will be used to better understand the recent financial crisis in Argentina and Asia.

### Grade Determination and Final Examination Details:

There will be 4 homework assignments that will be due by 4:30 pm on the due date. No late homeworks will be accepted. You can submit your homework by email.

An answer key to homework assignments will be provided.

There will be one midterm tests and one 2-hour Registrar-scheduled final examination, which will be held in a classroom.

The weights of these in the course grade are as follows:

Quizzes	20%
Midterm Test	30%
Homework	10%
Final Examination	40%

There will be 4 quizzes, 15 points each. At the end of the term I will drop the lowest quiz.

In the event that you miss the midterm test, the weight of the final exam will increase by 30%. Make-up examination and deferred examination will not be given **except in cases of extreme personal emergencies**. Also, examinations will not be given before the indicated dates. Students who are unable to write the midterm because of a **documented** illness, family emergency or religious observance will have the midterm weight shifted to the final as stated above.

As a guide to determining standing, these letter grade equivalences will generally apply:

A+	97 - 100	B+	81 - 84	C+	68 - 71	D+	55 - 58
A	89 - 96	B	76 - 80	C	63 - 67	D	50 - 54
A-	85 - 88	B-	72 - 75	C-	59 - 62	F	0 - 49

Part marks of 0.5 or above will be rounded up; those below 0.5 will be rounded down.

If, for some reason, the distribution of grades determined using the aforementioned conversion chart appears to be abnormal the instructor reserves the right to change the grade conversion chart if the instructor, *at the instructor's discretion*, feels it is necessary to more fairly represent student achievement.

Tests and final exams are marked on a numerical (percentage) basis. The course grade is then calculated using the weights indicated above. The grade distribution used to convert numerical values to letter grades will be determined by class performance.

A passing grade on any particular component of the course is not required for a student to pass the course as a whole.

Calculators WILL NOT be allowed during the writing of tests or final examinations.

There will be a Registrar scheduled final examination, lasting 2 hours to be held in a classroom. .

Tests and exams WILL NOT involve multiple choice questions.

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Society of Undergraduates in Economics (S.U.E.)

[www.fp.ucalgary.ca/econ](http://www.fp.ucalgary.ca/econ)

### Notes:

Students seeking reappraisal of a piece of graded term work (term paper, essay, etc.) should discuss their work with the Instructor within *seven* days of the work being returned to the class.

Safewalk / Campus Security: 220-5333

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ZJ:pst

2006-03-27

### Course Reading List:

#### **Krugman and Obstfeld**

Ch. 12: National Income Accounting and the Balance of Payments

Ch. 13: Exchange Rates and the Foreign Exchange Market: An Asset Approach

Ch. 14: Money, Interest Rates, and Exchange Rate

Ch. 15: Price Levels and the Exchange Rate in the Long Run

Ch. 16: Output and the Exchange Rate in the Short Run

Ch. 17: Fixed Exchange Rate and Foreign Exchange Intervention

Ch. 18: The International Monetary System, 1870-1973

Ch. 19: Macroeconomic Policy and Coordination under Floating Exchange Rate

Ch. 20: Optimum Currency Areas and the European Experience

#### **King and King**

The following two chapters are to be read in conjunctions with Ch. 12 and Ch. 13 above.

Ch. 20: Does the US have a Current Account Deficit Disorder?

Ch. 21: The Structure of Foreign Exchange Markets

The following chapters are to be read after we finish Ch. 19 above. These will be read towards the end of the course. The particular order will be given later on!

Ch. 26: Currency Boards

Ch. 27: Dollarization as a Monetary Arrangement for Emerging Market Economies

Ch. 32: Learning from Argentina's Crisis

Ch. 33: The Onset of the East Asian Financial Crisis

Ch. 34: Argentina's Currency Crisis: Lessons for Asia

Additional Articles related to Ch. 26 to 34 in King and King will be provided by me as we cover these topics.