

Economics 423(01) International Macroeconomics

Instructor: Dr. David R. Sabiston
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Lecture Location: SS 113
Lecture Days/Time: MW / 16:00 – 18:45

Office: SS338
Office Hours: MW: (15:15 – 15:45) & (18:45 – 19:15) Spring 2022
or by appointment

Course Description:

Foreign exchange markets, and international macroeconomic connections with trade in assets as well as goods and services. Topics include: alternative exchange rate regimes; monetary and fiscal policy responses to problems of unemployment and inflation; balance of payments adjustment mechanisms; international debt; and Euro-dollar markets.

Course Learning Outcomes:

The objectives and learning outcomes in this course are developed using two distinct, although not necessarily separate, approaches: (i) theoretical and (ii) policy.

From a theoretic perspective, we extend the technical expertise acquired in Econ 357 and Econ 359 to develop *macroeconomics models* suitable to examine international issues (e.g. IS-LM-BP analysis, exchange rate expectations, interest rate parity conditions). These models identify observed behaviour in the international macro economy and are used to forecast important macro variables (both domestic and international). In this context, students hone and improve their technical skills – mathematical, graphical, and intuitive – and recognize the merits and short-comings of the various models.

The reality, however, is that *international macroeconomic policy* is often driven by factors other than pure macro theory. Political, institutional, social, geographic, and other considerations all play an important role in the formulation of international macro policy. We examine macro policy from these perspectives and use specific examples to highlight the importance of each. In this context, students recognize the important distinction between theory and practice.

Some of the specific course competencies and outcomes include:

- i. critical thinking through demonstrated quantitative literacy, including working with data, statistics, and algebra;
- ii. critical thinking through demonstrated written literacy;
- iii. independent thinking through demonstration of the ability to explain and analyze economic/political arguments for logical consistency and sequence of argument;
- iv. communication through use of mathematical language and graphical presentation as well as through sequential verbal and written argument;

- v. information evaluation through the ability to use economic models and specific macroeconomic tools.

Course Outline:

Course content includes, but is not limited to, the following text chapters:

<u>General Topic</u>	<u>Chapters in Feenstra & Taylor</u>
Introduction	Chapter 1
Exchange Rates, Models of Exchange Rate Determination	Chapter 2-4
Balance of Payments Issues	Chapter 5 & 6
Monetary & Fiscal Policy (Fixed vs. Floating Exchange Rates)	Chapter 7
Exchange Rate Crises	Chapter 9
Exchange Rate Regimes (Currency boards, dollarization, types of pegs)	Various

NOTE: Depending on time constraints, some topics may be added or deleted.

Prerequisites/corequisites

Econ 357 and Econ 359.

Required Textbook:

Feenstra, R.C., and A. M. Taylor (2021). *International Macroeconomics* (5th ed). Macmillan Publishers.

Recommended Texts:

Additional required readings will be posted on the D2L site as we progress through the course.

Desire2Learn:

This course will make use of the Desire2Learn (D2L) platform. Students who are registered in the course can log on at <http://d2l.ucalgary.ca> through their student centre. Please note that D2L features a class e-mail list that may be used to distribute course-related information. These e-mails go to your University of Calgary e-mail addresses only.

Grade Determination and Final Examination Details

- (i) **Assignments:** Assignments must be submitted on the due date before the end of class.
- (ii) **Mid-term exam:** There will be a 90 minute mid-term examination worth 20% of your final grade on Wednesday, May 25th (16:00 – 17:30) covering all the material from May 4th – May 18th inclusively. This mid-term exam **WILL NOT** involve multiple choice questions.
- (iii) **Group Presentations:** Groups (minimum of four and maximum of five) will present an international finance topic – and submit a short paper – at the end of the semester. Specifically, the presentation examines a nation which has faced a monetary and/or macroeconomic crisis

(massive currency devaluation, default on loans, creation of a currency board/dollarization, hyperinflation, etc.). The framework and expectations of these presentations will be discussed in class. The combined value of the paper and presentation is 25% of your grade.

- (iv) **Final Exam:** A *final exam* worth 35% will be written during the final exam period as scheduled by the registrar. The *final exam is cumulative* and is 2 hours in length as scheduled by the Registrar's office. More information will be provided towards the end of the term.

<u>Assessment</u>	<u>Due Date</u>	<u>Value</u>
Assignment #1	May 16, 2022	10%
Mid-term Examination	May 25, 2022	20%
Assignment #2	June 6, 2022	10%
Group Presentations	June 13 & 15, 2022	25%
Final Examination	Registrar Scheduled: June 20 -22, 2022	<u>35%</u>
		100%

The official grading system will be used. See <http://www.ucalgary.ca/pubs/calendar/current/f-1-1.html>.

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

If a student's letter grade on the final exam exceeds their midterm(s) letter grade, the weight of the midterm(s) is (are) transferred to the final exam at the discretion of the instructor. The student must have written the midterm(s) or provided supporting documentation for the absence(s) such as a medical note or statutory declaration.

As per the Writing Across the Curriculum Statement in the Calendar, writing and grading thereof will be a factor in the evaluation of student work. See <https://www.ucalgary.ca/pubs/calendar/current/e-2.html>.

Course material dealing with a particular assignment will typically be covered in class at least 3 days before the assignment is due; thus, assignments can be completed at any time up to and including the due date. Given these factors, only situations where someone can document illness or domestic affliction for an extended period (i.e., the entire 3 days prior to the due date) would possibly warrant shifting the assignment weight to the final exam. Furthermore, technical problems can be expected to occur with computer systems (and internet availability) so it may be a good idea to not wait until the last minute to submit your assignment.

Any student work which remains undistributed after the last day of classes will be available to students through the instructor's office during the instructor's office hours.

The final examination will be comprehensive, scheduled by the Registrar, held in a classroom, and last 2 hours. If a student cannot write their final exam on the date assigned by the Registrar's Office, they need to apply for a deferred exam <https://www.ucalgary.ca/pubs/calendar/current/g-6.html>. Under no circumstance will this be accommodated by the Department.

Tests and exams **WILL NOT** involve multiple choice questions.

Programmable calculators, cellphones, textbooks, course notes, and other electronic devices will not be allowed during the writing of tests or final examinations. Students are reminded that simply being able to access their cellphone during an exam is academic misconduct.

THERE WILL BE NO MAKEUP OR DEFERRED QUIZZES/TESTS/EXAMS under any circumstances, nor may the quizzes/tests/exams be written early. Students unable to write the quizzes/tests/exams because of documented illness, family emergency, religious observance, or university-sanctioned event will have the weight shifted to the final examination; otherwise a grade of zero will be assigned.

Reappraisal of Grades:

For Reappraisal of Graded Term Work, see Calendar I.2

<http://www.ucalgary.ca/pubs/calendar/current/i-2.html>

For Reappraisal of Final Grade, see Calendar I.3

<http://www.ucalgary.ca/pubs/calendar/current/i-3.html>

Academic Misconduct:

Academic Misconduct refers to student behavior that compromises proper assessment of students' academic activities and includes: cheating; fabrication; falsification; plagiarism; unauthorized assistance; failure to comply with an instructor's expectations regarding conduct required of students completing academic assessments in their courses; and failure to comply with exam regulations applied by the Registrar.

Student committing academic misconduct during the final exam will not receive a passing grade for the course.

For information on the Student Academic Misconduct Policy, Procedure and Academic Integrity, please visit: <https://www.ucalgary.ca/pubs/calendar/current/k-3.html>

Academic Accommodations:

Students seeking an accommodation based on disability or medical concerns should contact Student Accessibility Services. SAS will process the request and issue letters of accommodation to instructors. Students who require an accommodation in relation to their coursework based on a protected ground other than disability should communicate this need in writing to their instructor. The full policy on Student Accommodations is available at

<https://www.ucalgary.ca/legal-services/university-policies-procedures/accommodation-students-disabilities-procedure>

Freedom of Information and Protection of Privacy (FOIP) Act:

Personal information is collected in accordance with FOIP. Assignments can only be returned to the student and will be accessible only to authorized faculty and staff. For more information, see <https://www.ucalgary.ca/legal-services/access-information-privacy>

Copyright Legislation:

See the University of Calgary policy on Acceptable Use of Material Protected by Copyright at <https://www.ucalgary.ca/legal-services/university-policies-procedures/acceptable-use-material-protected-copyright-policy> Students who use material protected by copyright in violation of this policy may be disciplined under the Non-Academic Misconduct Policy.

Course materials created by instructors (including presentations and posted notes, labs, case studies, assignments and exams) remain the intellectual property of the instructor. These materials may NOT be reproduced, redistributed or copied without the explicit consent of the instructor. The posting of course materials to third party websites such as note-sharing sites without permission is prohibited. Sharing of extracts of these course materials with other students enrolled in the course at the same time may be allowed under fair dealing.

Recording of Lectures:

Recording of lectures is prohibited, except for audio recordings authorized as an accommodation by SAS or an audio recording for individual private study and only with the written permission of the instructor. Any unauthorized electronic or mechanical recording of lectures, their transcription, copying, or distribution, constitutes academic misconduct. See <https://www.ucalgary.ca/pubs/calendar/current/e-6.html>.

Important Dates:

Please check: <http://www.ucalgary.ca/pubs/calendar/current/academic-schedule.html>.

Student Organizations:

Faculty of Arts Students' Association (F.A.S.A.):
Economics Department Representative
E-mail: econrep@fasaucalgary.ca
Website: www.fasaucalgary.ca.

Society of Undergraduates in Economics: <https://www.ucalgarysue.com/>.

Society of Undergraduates in Economics is a student run organization whose main purpose is to assist undergraduate economics students to succeed both academically and socially at the University of Calgary. Services include access to the exam bank, career events such as Industry Night and information sessions, mentorship programs, and social events for members. They invite you to join by contacting SUE at societyofundergradsineconomics@gmail.com.

Faculty of Arts Program Advising and Student Information Resources:

- Have a question, but not sure where to start? The Arts Students' Centre is your information resource for everything in Arts! Drop in at SS102, call them at 403-220-3580, or email them at artsads@ucalgary.ca. You can also visit the Faculty of Arts website at <http://arts.ucalgary.ca/undergraduate>, which has detailed information on common academic concerns, including program planning and advice.
- For registration (add/drop/swap), paying fees and assistance with your Student Centre, contact Enrolment Services at 403-210-ROCK [7625] or visit them in the MacKimmie Tower.

Student Support and Resources:

- See <https://www.ucalgary.ca/registrar/registration/course-outlines> for information on campus mental health resources, the Student Ombuds Office, Student Success Centre, Safewalk, and Emergency Evacuation and Assembly.
- Online writing resources are available at <https://ucalgary.ca/student-services/student-success/writing-support>.

Notes:

1. Students are responsible for all assigned material, e.g., supplementary material posted on D2L, regardless of whether or not the material was covered in class.
2. Note: *Non-programmable* calculators will be allowed during the writing of the mid-term and final examinations

DRS

2021-04-20