

Economics 423(01) International Macroeconomics

Instructor: Dr. David R. Sabiston Lecture Location: MS 211
 Phone: (403) 440-6546 Lecture Days/Time: W 18:00 – 20:45
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Office: SS405
 Office Hours: W: 13:15 – 14:30, and 17:00 – 17:45 pm
 F: 13:15 – 14:30 or by appointment Winter 2016

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 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 2-4,11
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.

Course Objectives/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 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 macroeconomy 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, 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. Students are highly encouraged to present a case study in class (see Course Requirements/Assessments below); those who present a case gain important experience in the collection, analysis, and presentation of data and knowledge.

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.

Prerequisites/corequisites

Econ 359.

Required Textbook(s)

Feenstra, R.C., and A. M. Taylor (2015). *International Macroeconomics* (3rd ed). Worth Publishers.

Reserved Readings

Montiel, Peter J. (2009), *International Macroeconomics*. (1st ed) Wiley-Blackwell Publishers.

Krugman, Paul and Maurice Obstfeld (2008), *International Economics: Theory and Practice*. (8th ed.) Pearson Publishers.

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

Course Requirements/Assessments

- (i) There are three tests worth 15% each to be held on the following dates this Winter 2016 semester: February 3, March 2, and March 30. Each test will be approximately 90 minutes in length and may consist of theoretical, mathematical, graphical, applied, and/or “readings” questions. **Make-up tests will not be given.** In cases of documented illness, documented family emergency, or documented religious observance, the weight of the test will be equally divided between the remaining tests and the final exam (or allotted to the final examination in the case of test #3).
- (ii) There are three assignments worth 10% each due on the following dates this Winter 2016 semester: January 27, February 1, February 24, and March 23. **Assignments must be submitted at the beginning of class** – no exceptions or pleas for mercy will be entertained.
- (iii) A *final exam* worth 25% 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. **NOTE:** Students may replace the final exam by presenting a case study to class as a group project; the minimum group size is 4, maximum is 5. The nature and framework of the presentation will be discussed in the first lecture but, in essence, groups select (from a list provided by the instructor) a country that has gone through a financial/banking crisis, hyperinflation, and/or an exchange rate crisis. The last two weeks of lectures will be reserved for these presentations.

<u>Assessment</u>	<u>Value</u>
Assignments (3 @ 10%)	30%
Tests (3 @ 15%)	45%
Final examination* (Cumulative)	<u>25%</u>
	<u>100%</u>

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

Department of Economics Criteria for Letter Grades. Economics professors use the following criteria when assigning letter grades:

Grade	Grade Point Value	Description	Grade	Grade Point Value	Description
A+	4.00	Outstanding	C+	2.30	
A	4.00	Excellent-superior performance, showing-comprehensive understanding of subject matter	C	2.00	Satisfactory – basic understanding of the subject matter
A-	3.70		C-	1.70	Receipt of a grade point average of 1.70 may not be sufficient for promotion or graduation. (See individual undergraduate faculty regulations.)
B+	3.30		D+	1.00	
B	3.00	Good – clearly above average performance with knowledge of subject matter generally complete.	D	1.00	Minimal pass – marginal performance; generally insufficient preparation for subsequent courses in the same subject.
B-	2.70		F	0	Fail – unsatisfactory performance or failure to meet course requirements
			I	0	Incomplete – unsatisfactory (effective January 2007)

Grading Scale

A+	95 – 100	B	73 – 76	C-	60 – 62
A	85 – 94	B-	70 – 72	D+	56 – 59
A-	80 – 84	C+	67 – 69	D	50 – 55
B+	77 – 79	C	63 – 66	F	0 – 49

Assignments, tests and the final exam are marked on a numerical (percentage) basis, then converted to letter grades. The course grade is then calculated using the weights indicated above.

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

Note: Non-programmable calculators will be allowed during the writing of tests or final examinations and all tests and quizzes will not involve multiple choice questions.

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>

A student who feels that a piece of graded term work (e.g., assignment, test) has been unfairly graded, may have the work re-graded as follows. The student shall discuss the work with the instructor within 15

days of being notified about the mark or of the item's return to the class; no reappraisal of term work is permitted after the 15 days. If not satisfied, the student shall immediately take the matter to the Head of the department offering the course, who will arrange for a reassessment of the work within the next 15 days. The reappraisal of term work may cause the grade to be raised, lowered, or to remain the same. If the student is not satisfied with the decision and wishes to appeal, the student shall address a letter of appeal to the Dean of the faculty offering the course within 15 days of the unfavourable decision. In the letter, the student must clearly and fully state the decision being appealed, the grounds for appeal, and the remedies being sought, along with any special circumstances that warrant an appeal of the reappraisal. The student should include as much written documentation as possible.

Plagiarism and Other Academic Misconduct

Intellectual honesty is the cornerstone of the development and acquisition of knowledge and requires that the contribution of others be acknowledged. Consequently, plagiarism or cheating on any assignment is regarded as an extremely serious academic offense. Plagiarism involves submitting or presenting work in a course as if it were the student's own work done expressly for that particular course when, in fact, it is not. Students should examine sections of the University Calendar that present a Statement of Intellectual Honesty and definitions and penalties associated with Plagiarism/Cheating/Other Academic Misconduct, <http://www.ucalgary.ca/pubs/calendar/current/k.html>

Academic Accommodation

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. For additional information on support services and accommodations for students with disabilities Visit www.ucalgary.ca/access/.

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 www.ucalgary.ca/policies/files/policies/student-accommodation-policy_0.pdf

Absence from a Quiz/Test/Exam

THERE WILL BE NO MAKEUP OR DEFERRED TESTS or EXAMS under any circumstances, nor may the tests/exams be written early. Students unable to write the tests/exams because of documented illness, family emergency, religious observance, or university-sanctioned event will have the weight shifted according to format discussed in "Course Requirements/Assessments" above ; otherwise a grade of zero will be assigned. 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 www.ucalgary.ca/registrar/exams/deferred_final. Under no circumstance will this be accommodated by the department.

Important Dates

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

Faculty of Arts Students' Association (F.A.S.A.):

Economics Department Representative

Office: SS 803, E-mail: econrep@fasaucalgary.ca Web: www.fasaucalgary.ca

Society of Undergraduates in Economics: www.ucalgarysue.com

Society of Undergraduates in Economics is a student run organization whose main purpose is to assist undergraduate economics students succeed both academically and socially at the University of Calgary. Services include access to the exam bank, career partnerships with the Career Centre through hosting industry nights and information sessions, recognizing achievements in teaching, and organizing social events for members. They invite you to join by contacting sue@ucalgary.ca.

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 Library Block.
- Online writing resources are available at <http://www.ucalgary.ca/ssc/resources/writing-support>

Evacuation Assembly Point

In case of an emergency evacuation during class, students must gather at the designated assembly point nearest to the classroom. The list of assembly points is found at www.ucalgary.ca/emergencyplan/assemblypoints . Please check this website and note the nearest assembly point for this course.

Safewalk

The safewalk program provides volunteers to walk students safely to their destination anywhere on campus. This service is free and available 24 hrs/day, 365 days a year.

Call 403-220-5333