

## Economics 423(01) International Macroeconomics

Instructor: Dr. David R. Sabiston  
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Lecture Location: MS 211  
Lecture Days/Time: W / 6:00 – 8:45 pm

Office: SS338

Office Hours: Wednesdays: 5:00 – 5:45 pm or by appointment

Winter 2018

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### 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 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, 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 &amp; 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 359

**Required Textbook:**

Feenstra, R.C., and A. M. Taylor (2017). *International Macroeconomics* (4<sup>th</sup> ed). Worth Publishers.

**Recommended Texts:**

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

Krugman, Paul, Maurice Obstfeld and Marc J. Melitz (2014), *International Economics: Theory and Practice*. (10<sup>th</sup> ed.) Pearson Publishers.

**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.

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

**Grade Determination and Final Examination Details**

- (i) There are three tests worth 15% each to be held on the following dates this Winter 2018 semester: *January 31, February 28, and March 21*. Each test will be approximately 75 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). Tests, including the final exam, **will NOT** include multiple choice questions
- (ii) There are 7 end-of-chapter assignments worth 3% each (total = 21%) and 7% participation marks for “Learning Curve Activity” (1% for each of 7 chapters). Both the assignment and participation grades associated with the online assessment tool corresponding to the text (i.e., Launchpad from MacMillan Learning).
- (iii) A *final exam* worth 27% 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>Value</u>
Participation (7 @1%)	7%
Assignments (7 @ 3%)	21%
Tests (3 @ 15%)	45%
Final examination* (Cumulative)	<u>27%</u>
	<u>100%</u>

**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.

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](http://www.ucalgary.ca/registrar/exams/deferred_final). Under no circumstance will this be accommodated by the department.

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.

***Lap tops (and tablets) are permitted for note-taking. Cell phone and other electronic cameras, however, are NOT an acceptable form of note-taking.***

**Reappraisal of Grades and Intellectual Honesty:**

*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>

*Statement of Intellectual Dishonesty, see Calendar K.4*

<http://www.ucalgary.ca/pubs/calendar/current/k-4.html>

*Plagiarism and Other Academic Misconduct, see Calendar K.5*

<http://www.ucalgary.ca/pubs/calendar/current/k-5.html>

**Academic Accommodations:**

The student accommodation policy can be found at: [ucalgary.ca/access/accommodations/policy](http://ucalgary.ca/access/accommodations/policy).

Students needing an accommodation because of a disability or medical condition should communicate this need to Student Accessibility Services in accordance with the Procedure for Accommodations for Students with Disabilities [ucalgary.ca/policies/files/policies/student-accommodation-policy](http://ucalgary.ca/policies/files/policies/student-accommodation-policy).

Students needing an Accommodation based on a Protected Ground other than disability should communicate this need, preferably in writing, to the course instructor.

**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

Office: SS 803, E-mail: [econrep@fasaucalgary.ca](mailto:econrep@fasaucalgary.ca) and Web: [www.fasaucalgary.ca](http://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](mailto: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](mailto: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 assembly point for this classroom is Social Science Food Court

**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**

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

Personal information is collected in accordance with FOIP. For more information, see <http://www.ucalgary.ca/legalservices/foip/foip-hia>.

**Internet and Electronic Communication Device information:**

The use of cell phones for any purpose in class is prohibited. Computers and tablets may be used for note-taking only.

DRS

2018-12-05