

Economics 423(01) International Macroeconomics

Instructor: Dr. David R. Sabiston
Phone: (403) 440-6546
Email: sabiston@ucalgary.ca

Lecture Location: MS 217
Lecture Days/Time: W / 6:00 – 8:45 pm

Office: SS338

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

Winter 2019

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
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, 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.

Prerequisites/corequisites:

Econ 359.

Required Textbook:

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

Recommended Texts:

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

Krugman, Paul, Maurice Obstfeld and Marc J. Melitz (2014), *International Economics: Theory and Practice*. (10th 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) **Quizzes:** There are three quizzes worth a total of 40% each to be held on the following dates this Winter 2019 semester: January 30 (10%), February 27 (15%), and March 20 (15%). Each quiz will be approximately 60 minutes in length and may consist of theoretical, mathematical, graphical, applied, and/or “readings” questions. **Make-up quizzes will not be given.** In cases of documented illness, documented family emergency, or documented religious observance, the weight of the quiz will be equally divided between the remaining quizzes and the final exam (or allotted to the final examination in the case of quiz #3). Quizzes as well as the final exam, **will NOT** include multiple choice questions
- (ii) **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.
- (iii) **Final Exam:** 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.

<u>Assessment</u>	<u>Value</u>
Quizzes	40%
Presentation & Paper	35%
Final examination (Cumulative)	<u>25%</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

Quizzes, presentations, 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 QUIZZES or EXAMS under any circumstances, nor may the quizzes/exams be written early. Students unable to write the quizzes/exams because of documented illness, family emergency, religious observance, or university-sanctioned event will have the weight shifted according to format discussed in “Grade Determination and Final Exam Details” 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.

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.

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.

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 and Web: 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 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 class is the 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.

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2018-11-28