

ECO 3713 (048E)
INTERNATIONAL MACROECONOMICS
Fall 2017

PROFESSOR: Doug Waldo
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CLASS: 1:55 – 3:50, MAT 0114

PURPOSE: Macroeconomics is concerned with the determination of a country's output, inflation, interest rates, exchange rates, & trade balance. This course adopts a highly international perspective, considering the international linkages arising from capital & trade flows as well as a comparison of macroeconomic policies and performance across countries. In addition, the course examines the effects of macroeconomic events on the international business environment. By the end of this course, you should be able to understand the coverage of international macroeconomics presented in print & on TV. Useful sources of macroeconomic news include publications like *The Economist* or *The Wall Street Journal* and TV shows on *CNBC* or *Bloomberg*.

ASSURANCE OF LEARNING OBJECTIVES (ECONOMICS MAJORS): Each major in the Warrington College of Business Administration and the College of Liberal Arts and Sciences has developed goals and objectives for students in that major. This course contributes to the following goals and objectives for Economics majors in both colleges

- Understand how decisions made by households, firms, the government and the foreign sector affect a country's macroeconomic variables like output, interest rates, inflation, exchange rates and the trade balance.
- Understand how economists use statistics to learn about economic behavior.
- Critically evaluate and compare alternative policies using complex criteria.
- Interpret, understand and communicate quantitative concepts.

PREREQUISITES: The prerequisites for this course are ECO 2013 & ECO 2023 (Principles of Macro & Micro). There are no other prerequisites. Specifically, you do not need to take ECO 3203 (Intermediate Macro) or ECO 3704 (International Trade) before you take this course.

GRADING: Grading is based on your performance on three 100-point tests, three 10-point sets of online quiz questions, and a 10-point case study. The online quiz questions will be posted on Canvas. Multiple attempts are permitted, so everyone should score 100% on these questions. In the last third of the course there will also be a 10-point case study with online submissions as part of the online questions. Your grade for the course will be determined by your total points on the three tests, the three sets of online questions, and the case. Maximum cutoffs for each grade are given in the table below:

| | OQ1 | T1 | OQ2 | T2 | OQ3 | Case | T3 | Total | % |
|----|-----|------|-----|------|-----|------|------|-------|------|
| A | 9.5 | 95.0 | 9.5 | 95.0 | 9.5 | 9.5 | 95.0 | 323.0 | 95.0 |
| A- | 9.0 | 90.0 | 9.0 | 90.0 | 9.0 | 9.0 | 90.0 | 306.0 | 90.0 |
| B+ | 8.7 | 87.0 | 8.7 | 87.0 | 8.7 | 8.7 | 87.0 | 295.8 | 87.0 |
| B | 8.3 | 83.0 | 8.3 | 83.0 | 8.3 | 8.3 | 83.0 | 282.2 | 83.0 |
| B- | 8.0 | 80.0 | 8.0 | 80.0 | 8.0 | 8.0 | 80.0 | 272.0 | 80.0 |
| C+ | 7.7 | 77.0 | 7.7 | 77.0 | 7.7 | 7.7 | 77.0 | 261.8 | 77.0 |
| C | 7.3 | 73.0 | 7.3 | 73.0 | 7.3 | 7.3 | 73.0 | 248.2 | 73.0 |
| C- | 7.0 | 70.0 | 7.0 | 70.0 | 7.0 | 7.0 | 70.0 | 238.0 | 70.0 |
| D+ | 6.7 | 67.0 | 6.7 | 67.0 | 6.7 | 6.7 | 67.0 | 227.8 | 67.0 |
| D | 6.3 | 63.0 | 6.3 | 63.0 | 6.3 | 6.3 | 63.0 | 214.2 | 63.0 |
| D- | 6.0 | 60.0 | 6.0 | 60.0 | 6.0 | 6.0 | 60.0 | 204.0 | 60.0 |

If I think these cutoffs are too high for a particular test, I will lower them and post the revised grade cutoffs under “Files” on Canvas. If, for example, I set the A cutoffs on the three tests at 93, 93, & 91 (& leave the online question cutoffs unchanged), you only need 315 points (92.6%) for an A in the course. Once the final course grading scale is set, it is set in stone. There will be no extra-credit work, outside papers, etc. If you miss the next highest grade by a fraction of a percent you will have my sympathy - but I will not change your grade! University policies on assigning grade points to your grade in this course can be found at

<https://catalog.ufl.edu/ugrad/current/regulations/info/grades.aspx>

TESTS: Presence at the tests is required unless there are **extraordinary** circumstances (e.g. you are in the hospital) or you make advanced arrangements to take the test early. The tests are closed book and closed notes. Non-programmable calculators are allowed. This includes some basic financial and scientific calculators. The use of cell phones, PDAs or any other programmable device during an exam is not allowed and violating this policy may result in failing that exam and/or the class. As a basic rule, if **any** type of external cable can be connected to your calculator, its use is not allowed.

STUDENTS WITH DISABILITIES: Students requesting classroom accommodation must first register with the Dean of Students Office. The Dean of Students Office will provide documentation to the student who must then provide this documentation to the instructor when requesting accommodation.

NOTES: Tests are based on lectures. Class notes are your most important resource. Most students take notes on note shells made from the handouts version of my PowerPoint files. Taking notes on a computer is difficult because we will be drawing graphs. Some students take text notes on their computers and then draw the graphs in a notebook. You can print note shells on your own from files posted on E-Learning or you can buy a complete set from Target Copy.

Target Copy CAMPUS - Open 24 Hours
1412 West University Avenue
Gainesville, Florida, 32603
Phone (352) 376-3826
service@target-copy.com

For online ordering go to
<http://target-copy.com/course-packs/>

COURSE MATERIALS: The recommended textbook for this course is *International Macroeconomics* (4th edition) by Robert Feenstra & Alan Taylor (ISBN-10: 1319061729, ISBN-13: 978-1319061722). This textbook is recommended because it is a useful resource for reinforcing the material discussed in class. Although I will generally follow the text during the lectures, I will add, drop, or modify material to enhance the course. Testable material will come **exclusively** from the lectures. Students will be held accountable for material that is covered in class, but not available in the text. However, I **will not** hold students accountable for material from the book that is not directly discussed in class. For new books, there are a number of formats available through the bookstore or through the publisher at

<http://www.macmillanlearning.com/Catalog/product/internationalmacroeconomics-thirdedition-feenstra/valueoptions#tab>

Used books are also an option. First, second & third editions are perfectly good substitutes for the fourth edition. The Porsche case is optional, but can be purchased at Target Copy. The Currency Crises case is required, and is available directly from Harvard Business School Publishing. This is an electronic pdf version that self-destructs in 6 months for \$4.25 The link they provided me was

<http://cb.hbsp.harvard.edu/cbmp/access/65421373>

ATTENDANCE: Attendance is highly recommended, but will not be checked. Tests are based on the material covered in class, which may or may not be covered in the text. If you do not come to class, you are still responsible for what was covered. If you do come to class, I expect you to behave professionally by arriving on time, turning off cell phones, and refraining from texting during class.

TENTATIVE SCHEDULE: The course is organized around Feenstra & Taylor. In the schedule that follows, the timing is approximate.

| Dates | Topic, Chapter |
|--------------|------------------------------------------------------------------|
| 08/22 | Introduction |
| 08/24 | The Global Macroeconomy (1) |
| 08/29 | The Global Macroeconomy (1) |
| 08/31 | Intro to Exchange Rates & the Foreign Exchange Market (2) |
| 09/05 | Intro to Exchange Rates & the Foreign Exchange Market (2) |
| 09/07 | Porsche Case (2) |
| 09/12 | Monetary Approach (3) |
| 09/14 | Monetary Approach (3) |
| 09/19 | Monetary Approach (3) |
| 09/21 | Asset Approach (4) |
| 09/26 | First Test - covers Chapters 1, 2, & 3 |
| 09/28 | Asset Approach (4) |
| 10/03 | National Income & Balance of Payments (5) |
| 10/05 | Gains from Financial Globalization (6) |
| 10/10 | Gains from Financial Globalization (6) |
| 10/12 | Output and Exchange Rates in the Short Run (7a) |
| 10/17 | Output and Exchange Rates in the Short Run (7a) |
| 10/19 | Output and Exchange Rates in the Short Run (7b) |
| 10/24 | Second Test - covers Chapters 4, 5, 6, & 7a |
| 10/26 | Output and Exchange Rates in the Short Run (7b) |
| 10/31 | Output and Exchange Rates in the Short Run (7b) |
| 11/02 | Output and Exchange Rates in the Short Run (7c) |
| 11/07 | Output and Exchange Rates in the Short Run (7c) |
| 11/09 | Exchange Rate Crises (9) |
| 11/14 | Currency Crises Case Assignment, Fixed versus Floating Rates (8) |
| 11/16 | Fixed versus Floating Rates (8) |
| 11/21 | The Euro (10) |
| 11/23 | Thanksgiving – no class |
| 11/28 | The Euro (10), Currency Crises Case due 11/29 |
| 11/30 | Currency Crisis Case Discussion |
| 12/05 | Third Test - covers 7, 8, 9, 10 & Currency Crises Case |

READINGS FROM TEXTBOOK (page numbers are from the fourth edition)

| | |
|------------------------------------------------------------|-----------------------------------------------|
| 1 The Global Economy | Read all of this chapter |
| 2a Intro to Exchange Rates and the Foreign Exchange Market | Read all of this chapter |
| 02b Porsche Case | Available at Target Copy |
| 03 Monetary Approach | Skip General Model 90 – 92 & 96 - 98 |
| 04 Asset Approach | Read all of this chapter |
| 05 National & International Accounts | Skip |
| 06 Gains From Financial Globalization | Skim, skipping 201-209, 222-225, & 231 – 232. |
| 07 Y, E & Policy | Skip pp.266 – 269 |
| 08 Fixed versus Floating Rates | Read all of this chapter |
| 09 Exchange Rate Crises | Skip pp. 356 – 378 |
| 10 The Euro | Read all of this chapter |

NOTE ON END-OF-TERM COURSE EVALUATIONS: At the end of each term, you can evaluate the quality of each of your courses and the effectiveness of your instructors. I encourage you to take this opportunity seriously and to provide serious and informative feedback. Personally, I am always trying to improve my course – tweaking it bit-by-bit each term – and student feedback is essential to making real improvements. As the term nears an end, I will discuss this issue in lecture, as I believe the high quality of your education depends on your constructive criticism and affirming support. You can access end-of-term course evaluations as <http://evaluations.ufl.edu>.

WEBSITES: There are several useful websites that you may want to access.

The Economist is the premier international business news weekly; many articles are free to the general public. <http://www.economist.com/> If the article you want is not free; you can access it through the UF library databases.

EIU Viewswire provides current business intelligence on 203 countries and can be accessed through the UF library databases. This site has articles describing economic and political trends; it also has a “Data Tool” you can use to get data.

UF Library Databases – these can be accessed directly from any computer logged on to the UF network. Go to the Smathers library site <http://www.uflib.ufl.edu/> and from the yellow tabs at the top, select “Databases”. Enter “EIU Viewswire” or “Economist” or some other database identifier. Alternatively, if you are not on campus, find and select the green tab on the left “Off-Campus Access” for proxy server or VPN access.

Commanding Heights – website for the 2001 PBS miniseries. You can watch the entire show (small format) over the Internet.

<http://www.pbs.org/wgbh/commandingheights/hi/index.html>

The three (2 hour parts) are also usually available on YouTube, just search for Commanding Heights. The DVD version is no longer in production

FRED II – macroeconomic database for the US provided by the Federal Reserve Bank of Saint Louis

<http://research.stlouisfed.org/fred2/>

World Data Bank- international database (macroeconomics, health, education, demographics) provided by the World Bank

<http://databank.worldbank.org/ddp/home.do>

The Wall Street Journal is an excellent source of current news. They offer discounted rates for students

www.WSJ.com/studentoffer

IMPLIED ACKNOWLEDGEMENTS: Enrollment in this course constitutes acknowledgement of the following:

- 1) I understand that the University of Florida expects its students to be honest in all of their academic work. I agree to adhere to this commitment to academic honesty and understand that my failure to comply with this commitment may result in disciplinary action, up to and including expulsion from the University. Further information on the University's rules for academic honesty can be found at <http://www.dso.ufl.edu/sccr/honorcodes/conductcode.php>

- 2) I will adhere to university acceptable use policies as found at: <http://www.it.ufl.edu/policies/aupolicy.html>