

**ECO 5715 (0663 & 7126)**  
**OPEN ECONOMY MACROECONOMICS**  
**University of Florida**  
**Spring 2020**

**INSTRUCTOR:** Dr. Hamid Firooz  
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**OFFICE HOURS:** T,R 4:05 pm – 6 pm, or by appointment

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**TA's OFFICE HOURS:** T,R 2 pm – 4 pm, or by appointment

**LECTURES:** (0663) M,W 9:35 am – 11:30 am in HGS 140  
(7126) M,W 1:55 pm – 3:50 pm in HGS 240

**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*, *The Wall Street Journal*, & *Business Week* & TV shows on CNBC or Bloomberg.

**PREREQUISITES:** Students should have some familiarity with economic terminology & the analysis of supply and demand as presented in ECP 5702, ECO 2013, or EC 2023.

**GRADING:** There will be **two tests** each worth 45 points. There will also be **two homework** worth 5 points each. You are expected to attend class though your grade is not based on attendance. If you have a conflict with an exam, you must make the exam up before the class exam. Make-ups after the class exam will be permitted only under very extraordinary circumstances. Your grade for the course will be determined by your total points on the two tests and two problem sets. The following scale will be used to determine your final course grade:

Score Range	Letter Grade
92.00 – 100	A
89.00 – 91.99	A-
86.00 – 88.99	B+
82.00 – 85.99	B
80.00 – 81.99	B-
77.00 – 79.99	C+
72.00 – 76.99	C
70.00 – 71.99	C-
60.00 – 69.99	D
0 – 59.99	E

**GRADING (continued)** There should be no need for a curve. If necessary, however, I will adjust the grading scale, but only in your favor. 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! Current UF grading policies for assigning grade points can be found at <http://www.registrar.ufl.edu/catalog/policies/regulationgrades.html>.

**TESTS:** Presence at the tests is required unless there are **extraordinary** circumstances (e.g. you are in the hospital) or you have made advanced arrangements to take the test early (short notices are not acceptable). 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.

**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.

## **NOTES & TEXT:**

**Tests are based on lectures. Class notes are your most important resource. It will make learning the material much easier if you regularly attend lectures.**

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 Canvas.

I have based my lectures on material from *Macroeconomics* (7th edition) by Olivier Blanchard. The 7<sup>th</sup> edition (ISBN-13: 978-0133780581) is outrageously expensive with an Amazon.com price of over \$200. Many of my past students have gotten by without a textbook. Alternatively, used 4<sup>th</sup>, 5<sup>th</sup>, or 6<sup>th</sup> editions are just as good as the 7<sup>th</sup> and are available for at a lower price. However, you should be careful to not buy a used 1<sup>st</sup> through 3<sup>rd</sup> edition because they use different graphs for the material covered in the last half of the course. 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.

**SCHEDULE:** In the schedule that follows, the timing is approximate and subject to change. Numbers in parentheses identify the corresponding PowerPoint files.

<b>Date</b>	<b>Topic</b>
3/09	Going over the Syllabus, Intro (01) & The Goods Market (02)
3/11	The Goods Market (02) & The Money Market & Inflation (03)
3/16	The Money Market & Inflation (03) & The IS-LM Model (04)
3/18	The IS-LM Model (04) & The Medium Run & Long Run (05)
3/23	The Medium Run & Long Run (05)
3/25	Inflation and Interest Rates (06), & Stock Prices (07)
3/30	Homework 1 is due - Test review session during class time
<b>3/31 (Tuesday)</b>	<b>First Test (6:15 – 8:10 at night)</b> covers (01) through (07) 0663 (M,W 3-4) HGS 240 7126 (M,W 7-8) HGS 250
4/01	Openness in Goods & Financial Markets (08)
4/06	The Goods Market in an Open Economy (09)
4/08	Flexible Exchange Rate IS/LM (10)
4/13	Exchange Rate Fluctuations and Firms' Pricing Decisions (11)
4/15	Fixed Exchange Rate IS/LM (12) & European Monetary Union (13)
4/20	Homework 2 is due - Solving some examples - Catch up day
4/22	Test review session during class time <b>Second Test (4/22 from 6:15 – 8:10 at night)</b> - Covers (08) and subsequent material 0663 (M,W 3-4) HGS 240 7126 (M,W 7-8) HGS 250

## Topics & Associated Text Material

PPT File	Topic	4 <sup>th</sup> edition Text	5 <sup>th</sup> edition Text	6 <sup>th</sup> edition Text	7 <sup>th</sup> edition Text
01	Intro	2 (pp. 3-15) & Handout	1 (pp. 3-17) 2 (pp.20-26) & Handout	1 (pp. 3-15) 2 (pp. 20-25, 33-34) & Handout	1 (pp. 3-16) 2 (pp. 22-26, 35-36) & Handout
02	Goods Market	3 (pp. 4-52, 55-61) <sup>1</sup>	3 (pp. 43-50, 53-56, & 58-59) <sup>1</sup>	3 (pp. 43-50, 53-56, & 58-60) <sup>1</sup>	3 (pp. 47-54, 57-60, & 62-64) <sup>1</sup>
03	Money Market & Inflation	4 (pp. 65-76)	4 (pp. 63-72)	4 (pp. 63-72)	4 (pp. 67-76)
04	IS/LM	5 (pp. 89-110) & Handout	5 (pp. 85-102) & Handout	5 (pp. 85-102) & Handout	5 (pp. 89-104) & Handout
05	Medium & Long Run	Handout	Handout	Handout	Handout
06	Inflation & Interest Rates	14 (pp. 291-295, 306-308)	14 (pp. 291-295, 300-303)	14 (pp. 291-296, 300-305)	6 (pp. 112-116)
07	Stock Prices	15 (pp. 322-329)	15(pp. 322-330)	15 (pp. 322-333)	14 (pp. 298-307)
08	Openness	18 (pp. 375-392) & Handout	18 (pp. 377-394) & Handout	18 (pp. 379-396) & Handout	17 (pp. 349-365) & Handout
09	Open Econ. Goods Market	19 (pp. 395-397) <sup>2</sup>	19 (pp. 397-399) <sup>2</sup>	19 (pp. 399-401, 409-411, 413-414) <sup>2</sup>	18 (pp. 369-371, 379-381, 384-385) <sup>2</sup>
10	Flexible Exch. Rate IS/LM	20 (pp. 421-428) & Handout	20 (pp. 421-430) & Handout	20 (pp. 423-435) & Handout	19 (pp. 391-403) & Handout
11	Exchange Rate Fluctuations and Firms' Pricing Decision s	Handout	Handout	Handout	Handout
12	Fixed Exch. Rate IS/LM	20 (pp. 428-436) & Handouts	20 (pp. 430-437) & Handouts	20 (pp. 435-439) & Handouts	20 (pp. 413-418) & Handouts
13	European Monetary Union		21 (pp. 455-458)	21 (pp. 459-462)	20 (pp. 422-427)

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1 Skip the ZZ/45° graph

2 Skip the ZZ/AA graph

## **COURSE EVALUATIONS:**

Students are expected to provide professional and respectful feedback on the quality of instruction in this course by completing course evaluations online via GatorEvals. Guidance on how to give feedback in a professional and respectful manner is available at <https://gatorevals.aa.ufl.edu/students/>. Students will be notified when the evaluation period opens, and can complete evaluations through the email they receive from GatorEvals, in their Canvas course menu under GatorEvals, or via <https://ufl.bluera.com/ufl/>. Summaries of course evaluation results are available to students at <https://gatorevals.aa.ufl.edu/public-results/>.

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

The Economist is the premier international business news weekly. Some of their current articles are available free on their website: <http://www.economist.com/>

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>

FRED II - data base for US macroeconomic data provided by the Federal Reserve Bank of Saint Louis

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

Greg Mankiw's Blog is an interesting blog with comments on current issues

<http://gregmankiw.blogspot.com/>

The Wall Street Journal is an excellent source of current news. They offer complimentary access to UF students. To activate, go to

[https://education.wsj.com/search/?mod=wsj\\_activation2](https://education.wsj.com/search/?mod=wsj_activation2)

**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.

2) I will adhere to university copyright policies as found at:

<http://www.uflib.ufl.edu/admin/Copyright.htm>.

**ASSURANCE OF LEARNING** Each program at the Warrington College of Business Administration has developed goals and objectives that express the most valued skills and knowledge that students should be able to demonstrate upon completion of the total learning experiences in that program.

The **MBA** program goals and objectives that apply to this course are from MBA Learning Goal 5; Program graduates will be competent across business disciplines. Specifically

5A. Students will apply the essential elements of core business principles to analyze and solve problems in the business environment.

5B. Students will apply essential elements of core business principles to construct and implement decision-making processes in the business environment.

The **MSM** program goals and objectives that apply to this course are from MSM Learning Goal 4; Program graduates will have competency in and across business disciplines. Specifically

4B. Students will apply essential elements of core business principles to construct and implement decision-making processes in the business environment.

4C. Assess and explain the relationship of relevant aspects of the business environment to business decisions.

The **MAIB** program goals and objectives that apply to this course are from MAIB Learning Goal 3; Program graduates will have a global perspective. Specifically

3F. Students will demonstrate understanding of international linkages arising from international capital and trade flows and compare/contrast macroeconomic policies across countries.