

Department of Economics
University of California - Davis
160B: International Macroeconomics
Summer Session I – 2012

Instructor:

Name: Philip Luck

Office: SSH 141

Email: paluck@ucdavis.edu**

Office hours: Mon, Tues 2:30-3:45
or by appointment

Lecture:

Mon, Tues, Wed: 12:10-1:50 pm, Wellman
230

Teaching Assistant:

Name: Kevin Shih

Office: SSH 132

Email: kyshih@ucdavis.edu**

Office hours: Wed 10:00-12:00
or by appointment

Section:

A01 Th.: 12:10-1:50 pm, Wellman 230
A02 Th.: 2:10-3:50 pm, Wellman 230

*** Please allow 24 hours to receive a reply to an email.*

IMPORTANT: Only 2 units of credit allowed to students who have completed ECN 162.

Objectives: The goal of this course is to understand what determines a country's exchange rate, trade balance, and national output. The first portion of the course will lay out several useful theories regarding these variables, and the second portion will help you assemble these theories into an overall analytical framework usable for policy analysis. The third portion of the course will challenge you to apply this analytical framework to several current and historical policy issues.

Prerequisites: The course will be taught at an intermediate level. Prerequisites are intermediate microeconomics (100) and intermediate macroeconomics (101). Material covered in these classes is important and its mastery will be assumed.

Text: *International Macroeconomics* by R. Feenstra and A. Taylor, second edition.

Evaluation: The course grade is based on class participation (3%), 3 homework assignments (4% each), 2 quizzes (10% each), 1 midterm (20%), 1 essay (10%) and a comprehensive final exam (35%). Homework may be done in groups of no more than three, but every student must turn in their own assignment with their name and the names of all group members. I have no intention to impose a curve but reserve the right to do so. In the event of academic misconduct I reserve the right to deviate from the grading scheme. For details on misconduct consult the UC Davis Code of Academic Conduct: <http://sja.ucdavis.edu/cac.html>.

COURSE OUTLINE¹

| DATE | TOPIC | READING | ASSIGNMENT |
|-----------|--|--------------|--|
| Mon 6/25 | Intro to macro economics and exchange rate theory. | Ch. 1, 2 | HW 1 Distributed |
| Tues 6/26 | Review basic exchange rate theory. Exchange Rates: Monetary Approach | Ch. 2 & 3 | |
| Wed 6/27 | Exchange Rates: Asset Approach Short Run | Ch. 4 S.1-3 | |
| Mon 7/2 | Exchange Rates: Unifying the Monetary and Asset Approaches | Ch. 4 S.4-6 | HW 2 Distributed HW 1 Due (4%) |
| Tues 7/3 | Quiz 1: Ch. 1-4 (10%) National International Accounts: Income Wealth and Balance Sheet | Ch. 5 | |
| Wed 7/4 | HOLIDAY NO CLASS | | |
| Mon 7/9 | Gains from Globalization Ch. 6 S.1-2 | Ch. 6 | |
| Tues 7/10 | Risk Diversification and Economic crises. | Ch. 6 | HW 3 Distributed HW 2 Due (4%) |
| Wed 7/11 | MIDTERM: Ch. 1-6 (20%) | | |
| Mon 7/16 | Balance of payments IS-LM-BP. Develop IS-LM | Ch. 7 S. 1-4 | |
| Tues 7/17 | Balance of payments IS-LM-BP Develop IS-LM in open economy | Ch. 7 S. 5-7 | |
| Wed 7/18 | Fixed vs. Floating Exchange rates Regimes: examples/discussion | Ch. 8 S. 1-2 | |
| Mon 7/23 | Fixed vs. Floating Exchange rates Regimes: examples/ discussion | Ch. 8 S. 3-5 | HW 3 Due (4%) |
| Tues 7/24 | Quiz 2: Ch. 7-8 (10%) Start: Exchange rates and crises (ch.9) | | |
| Wed 7/25 | Exchange Rate Crises | Ch. 9 | |
| Mon 7/30 | The Euro | Ch.10 | |
| Tues 7/31 | Topics in International Macroeconomics and review | Ch. 11 | Essay Due (10%) |
| Wed 8/1 | FINAL EXAM (35%) | | |

¹ The number in parentheses is the weight of each item in your final grade. This schedule is preliminary and is subject to change. All dates are tentative and subject to change.