

SYLLABUS

Instructor: Alan M. Taylor
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Office Hours: Economics Department office SSH 1123 MW 200 PM – 300 PM, plus at my Gallagher Hall office for 30 minutes before or after class, and at any time by appointment

Lecture Th 0900 AM – 1150 AM GALLAGHER 1302
Times:

Catalog Description Studies fixed and floating exchange rate systems. Topics include determinants of a nation's balance of international payments; macroeconomic interdependence of nations under various exchange-rate regimes and its implications for domestic stabilization policies; and the international coordination of monetary and stabilization policies.

Objectives The goal of this course is study international macroeconomic issues such as the trade balance, the exchange rate, national output, and inflation. We discuss key international macroeconomic variables then develop theories about how and why these variables change over time and differ across countries.

- The first part of the course focuses on foreign exchange markets, data and theories of exchange rate determination in the short run and the long run.
- The second part of the course covers the balance of payments, including the trade balance and how the balance of payments is related to a country's long run economic growth and short-run economic fluctuations.
- The final part of the course will cover applied topics in international macroeconomics. Topics include exchange rate regimes, crises, and monetary union (the euro).

Textbook **Robert C. Feenstra and Alan M. Taylor, *International Macroeconomics***, with LaunchPad, 3rd edition. Worth, 2014. [Paperback Text with LaunchPad Access Card](#) ISBN: 9781464194689

Resources All other resources for class can be found on the course web site (except **LaunchPad** homework assignments and other material; see below).

Grading	Attendance and participation	10%
	Homework	10%
	Midterm Exams (2)	40%
	Final Exam	40%

Assignments and Exams

- **The UC Davis Code of Academic Conduct applies.**
- **Homeworks will be assigned on the LaunchPad system.** Homework problems are good practice for the exams, so I encourage you to complete them. **All exams are closed book.**
- **Schedule conflicts.** Exam dates are given in the syllabus to avoid potential conflicts. If you have a conflict, you must notify me within the first week of classes.

**Policies and
Other Notes**

1. I encourage you to work together and to help one another in studying. However, the actual work submitted for a grade must be that of the individual.
2. Disabilities: If you have any disability that requires accommodation, please let me know.
3. Attendance is expected. And participation is encouraged too. Ask questions. Get involved in discussion. Making an error is not a problem. Not saying anything *is* a problem.
4. Please: no distractions in the classroom (laptops, newspapers, mobile phones, iPods, iPads, etc). Focus on the class—or else why come to class?
5. During exams, please use *no devices other than a writing implement and (optionally) a standard calculator without programming/memory capabilities*.

SCHEDULE

Ch 1. Introduction and Preamble (Week 1)

*Part I
Exchange Rates
Chapters 2–4*

Ch 2. Introduction to Exchange Rates and the Foreign Exchange Market (Week 1)
Ch 3. Exchange Rates in the Long Run: The Monetary Approach (Week 2)
Ch 4. Exchange Rates in the Short Run: The Asset Approach (Week 3)

MIDTERM EXAM 1 covering Chapters 2–4, in class (First 90 minutes, Week 4)

*Part II
The Balance of
Payments
Chapters 5–7*

Ch 5. National and International Accounts: Income, Wealth, and the BOP (Week 4/5)
Ch 6. BOP in the Long Run: The Gains from Financial Globalization (Week 5/6)
Ch 7. BOP in the Short Run: Output, Exchange Rates and Macro Policies (Week 6/7)

MIDTERM EXAM 2 covering Chapters 5–7, in class (First 90 minutes, Week 8)

*Part III
Applications
and Policy
Chapters 8–11*

Ch 8. Fixed versus Floating (Week 8)
Ch 9. Crises (Week 9)
Ch 10. The Euro (Week 10)

A review period for the final exam will take place in the last 45 minutes of Week 10.

FINAL EXAM covering *all chapters*, March 23, 0900 AM – 1100 AM, in class (Week 11)

**Homework on
LaunchPad**

Please complete the graded homework assignments from **LaunchPad** on each chapter. The **LaunchPad** site also contains other learning and practice materials (recommended). Deadlines and other information are provided at the site.

Quickstart instructions for **LaunchPad**: Go to
<http://www.macmillanhighered.com/launchpad/feenstrataylorintlmacro3/4791971>
to enroll in the course in the **LaunchPad** system and get started.
Please ensure your browser and Adobe Flash are up to date for optimal performance.