Course Description: Essential elements of macroeconomic theory and policy in world of interdependent nations. Lectures, student discussions, and problem sets are designed to give students an advanced background in the essential elements of macroeconomic theory and policy in a world of interdependent nations.

Prerequisites: Permission of the instructor. Calculus and intermediate macroeconomics are helpful.

Course Objective: To enable students to read and comprehend current economic literature in the area of open macroeconomics and to give students the necessary foundation to continue self-study and to begin research in this area.

Methods by which students will be evaluated and grading system

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<tr>
<th>Evaluation</th>
<th>Percentage</th>
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<tr>
<td>Two mid-term exams</td>
<td>45%</td>
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<tr>
<td>Final exam</td>
<td>45%</td>
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<tr>
<td>Class participation/problem sets</td>
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100%

Grade Scale

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<td>A</td>
<td>94-100%</td>
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<td>A-</td>
<td>93-90%</td>
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<td>B+</td>
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<td>B</td>
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<td>B-</td>
<td>80-83%</td>
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<td>C+</td>
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<td>E</td>
<td>Below 60%</td>
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Attendance Policy

Students are expected to prepare for class meetings by completing assigned readings and problem sets. Students are encouraged to attend all classes. Frequent absences will reflect negatively on class participation evaluation.

Make-up policy

No make-up mid-term exams will be administered. If a student misses a mid-term exam, the lower grade of the other mid-term exam and of the final exam will be awarded for the grade of the missed examination. A final exam must be taken in order to receive the final grade.
Textbooks

Required


Recommended

Main text providing the framework for the course:


Core texts for open macroeconomics:


Course Outline and Reading Guide

I have provided chapter references for the basic course textbooks as well as several others in the following outline. You should be able to use these chapter references to select alternative chapters from any other texts you may choose to pursue. If in doubt, see me.

1. Aggregate Demand and IS: LM
   A. *Stevenson et al.*, Chapter 1.
   B. Crystal and Price, Chapter 1, pp. 1-14.
   C. Romer, Chapter 5.1, 5.2, 5.4.

2. Aggregate Supply and the Neoclassical synthesis
   A. Romer, Chapter 5.4.
   B. *Stevenson et al.*, chapter 2, pp. 26-44.
   C. Chrystal and Price, chapter 1, pp. 15-21, and chapter 2.

3. Aggregate supply and new classical macroeconomics
   A. Romer, Chapter 5.5, 5.6, and chapter 6, Parts A & B.
   B. *Stevenson et al.*, Chapter 3.
   C. Crystal and Price, Chapter 3, 4, and 7.
   F. Blanchard and Fisher, Chapter 7 (relevant sections).

4. New Keynesian model of aggregate supply
A. Romer, Chapter 6, Part C, Chapter 10.
B. *Stevenson et al., Chapter 4.
D. Crystal and Price, Chapter 5.
E. Blanchard and Fisher, Chapter 8.

5. Real Business Cycles

6. Balance of payments concepts, income determination, and the trade balance
A. *Dornbusch, Open Macroeconomics, Chapters 1-3.
B. Gandolfo, Chapters 13, 14.
C. Husted and Melvin, Chapter 12.

7. Exchange Rates and the Balance of Payments: The Elasticity Approach
A. *Dornbusch, Open Macroeconomics, Chapter 4.
B. *Argy, Chapter 12.
C. Pilbeam, Chapter 2 and 3.
8. Open macroeconomics, Mundell-Fleming
   A. Romer, Chapter 5.3.
   C. *Argy, Chapter 6-8.
   D. *Stevenson et al., *Chapter 7, pp. 211-233, and *Chapter 8, pp. 265-281.
   E. Pilbeam, chapter 2 and 4.
   F. Chrystal and Price, Chapter 6, pp. 93-98.

   A. Romer, Chapter 5.3.
   B. *Dornbusch, *Open Macroeconomics, *Chapter 11, Section 1.
   C. *Argy, Chapter 13-15.
   D. *Stevenson et al., *Chapter 8, pp. 257-265.
   E. Pilbeam, chapter 5, 7, pp. 165-186, and chapter 8.

10. The Monetary Approach to the Balance of Payments
    B. *Argy, Chapter 17.
    C. *Stevenson et al., *Chapter 7, pp. 234-245.
    D. Pilbeam, chapter 5, 7, pp. 165-186, and chapter 8.
    L. Husted and Melvin, Chapter 18.

11. The Determination of Exchange Rates: The Monetary Approach
    A. *Argy, Chapter 17.
    B. *Stevenson et al., *Chapter 8, pp. 265-274.
    C. Pilbeam, chapter 5, 7, pp. 165-186, and chapter 8.
    D. Chrystal and Price, Chapter 6, pp. 101 - 104.
    E. Bailey & McMahon, Chapter 3, sec. 3.1, 3.2, 3.3; 8.2, 8.3.
    G. Dornbusch, Rudiger, *Dollars, Debts, and Deficits*, chapter 2.
L. Husted and Melvin, Chapter 18.

12. Sticky Prices and Exchange Rate Dynamics
A. Romer, Chapter 5.3.
B. *Dornbusch, _Open Macroeconomics_, Chapter I 11, Section 11.
C. *Argy, Chapter 18.
D. *Stevenson et al., Chapter 8, pp. 274-28 1.
E. Pilbeam, chapter 5, 7, pp. 165-186, and chapter 8.
F. Chrystal and Price, Chapter 6, pp. 104-1 10.
G. Bailey & McMahon, Chapter 3.4.
H. Husted and Melvin, Chapter 18.

13. Portfolio Theory of exchange rates
A. Dornbusch, _Open Macroeconomics_, Chapter 13.
B. *Argy, Chapter 10 and 19.
C. *Stevenson et al., Chapter 7, pp. 245-256, and chapter 8, 281-296.
D. Pilbeam, chapter 5, 7, pp. 165-186, and chapter 8.
F. Husted and Melvin, Chapter 18.

14. Design of macroeconomic policies
A. Romer, Chapter 9.
B. *Stevenson et al., Chapter 9.
C. *Argy, Chapter 34 and 35.
D. Husted and Melvin, Chapter 20.

15. International interdependence and policy coordination
A. Romer, Chapter 4.
B. *Stevenson et al., Chapter 10.
C. *Argy, Chapter 45.
D. Chrystal and Price, Chapter 9.
16. Economic Growth
   A. Romer, Chapter 1-3.

17. External debt

**Supplemental reading texts for theory:**

**Supplemental texts for Policy**

**Other Useful Texts**
There are many other intermediate and advanced texts in macroeconomics and international finance that may be of use to you; a small selection follows. You will find that the texts generally have different emphases, so choose carefully.

**General Macroeconomics**

**Open Macroeconomics or International Finance**


**Economic Growth**

UF Policies & Resources

UF Grading Policy
Information on UF grading policies for assigning grade points may be found at:

Honor Code
In 1995 the UF student body enacted a new honor code and voluntarily committed itself to the highest standards of honesty and integrity. When students enroll at the university, they commit themselves to the standard drafted and enacted by students. In adopting this honor code, the students of the University of Florida recognize that academic honesty and integrity are fundamental values of the university community. Students who enroll at the university commit to holding themselves and their peers to the high standard of honor required by the honor code. Any individual who becomes aware of a violation of the honor code is bound by honor to take corrective action. The quality of a University of Florida education is dependent upon community acceptance and enforcement of the honor code. The Honor Code: We, the members of the University of Florida community, pledge to hold ourselves and our peers to the highest standards of honesty and integrity. On all work submitted for credit by students at the university, the following pledge is either required or implied: —On my honor, I have neither given nor received unauthorized aid in doing this assignment.”

The university requires all members of its community to be honest in all endeavors. A fundamental principle is that the whole process of learning and pursuit of knowledge is diminished by cheating, plagiarism and other acts of academic dishonesty. In addition, every dishonest act in the academic environment affects other students adversely, from the skewing of the grading curve to giving unfair advantage for honors or for professional or graduate school admission. Therefore, the university will take severe action against dishonest students. Similarly, measures will be taken against faculty, staff and administrators who practice dishonest or demeaning behavior. Students should report any condition that facilitates dishonesty to the instructor, department chair, college dean or Student Honor Court. (Source: 2007-2008 Undergraduate Catalog) It is assumed all work will be completed independently unless the assignment is defined as a group project, in writing by the instructor. This policy will be vigorously upheld at all times in this course.

Software Use
All faculty, staff and students of the university are required and expected to obey the laws and legal agreements governing software use. Failure to do so can lead to monetary damages and/or criminal penalties for the individual violator. Because such violations are also against university policies and rules, disciplinary action will be taken as appropriate.

Campus Helping Resources
Students experiencing crises or personal problems that interfere with their general well-being are encouraged to utilize the university’s counseling resources. Both the Counseling Center and Student Mental Health Services provide confidential counseling services at no cost for currently enrolled students. Resources are available on campus for students having personal problems or lacking clear career or academic goals, which interfere with their academic performance. The Counseling Center is located at 301 Peabody Hall (next to Criser Hall). Student Mental Health Services is located on the second floor of the Student Health Care Center in the Infirmary.

University Counseling Center, 301 Peabody Hall, 392-1575, www.counsel.ufl.edu
Career Resource Center, CR-100 JWRU, 392-1602, www.crc.ufl.edu/
Student Mental Health Services, Rm. 245 Student Health Care Center, 392-1171, www.shcc.ufl.edu/smhs/
Alcohol and Substance Abuse Program (ASAP)
Center for Sexual Assault / Abuse Recovery & Education (CARE)
Eating Disorders Program
Employee Assistance Program
Suicide Prevention Program

Students with Disabilities
The Disability Resource Center coordinates the needed accommodations of students with disabilities. This includes registering disabilities, recommending academic accommodations within the classroom, accessing special adaptive computer equipment, providing interpretation services and mediating faculty-student disability related issues. 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.