

Econ 3620B: International Macroeconomics 2016–2017 2nd Term

Instructor

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Lecture: Tuesdays 8:30-10:15am, Thursdays 12:30-1:15pm, ELB LT2

Course Description:

The main topics of this course are: international financial markets, the determination of exchange rates, the relation between exchange rates and inflation, and monetary and fiscal policy under flexible and fixed exchange rates. This course gives students frameworks and analytical tools to think about these topics and apply them to the real world. It will also touch on a number of relevant current issues.

Course Prerequisites:

Students should have knowledge of elementary differential calculus, and are advised to take ECON2011 and 2021 before taking this course.

Recommended Text

Krugman, Obstfeld, and Melitz (**K**), International Economics: Theory and Policy, 10th edition.

Feenstra and Taylor (**F**), International Economics, 3rd edition.

Schmitt-Grohé, Uribe, and Woodford, International Macroeconomics, available online: <http://www.columbia.edu/~mu2166/UIM/index.html>.

Obstfeld and Rogoff, Foundations of International Macroeconomics, available online at CUHK Library.

Note: No textbook is required for this class, but these books are recommended if you would like a textbook treatment of the material. The bookstore will have the first two for purchase. Other editions of the books will contain similar material but the syllabus below lists chapter references for the editions listed above for **K** and **F**.

Grading Policy:

4 Assignments = 20%

Presentation = 7.5%

Participation = 5%

Midterm = 25%

Final = 42.5%

Bonus = 2.5%

Midterm: in-class, Tuesday Feb. 21. Please let me know *as soon as possible* if you cannot make this time.

Final: To be determined. The final exam will be a centralized course examination and the date will be set some time during the semester. The examination period designated by the Registration and Examination Section (RES) is April 26 to May 13.

Assignments are due at the end of class. If you cannot submit it in class, you can put it into my assignment box, but the same deadline applies. Late submissions before 9am the next day are discounted by 50%. Late submissions thereafter receive zero credit.

Assignments are graded "check plus", "check", and "check minus". When determining course grades, the homework is recorded as a 100% for "check plus", a 67% for "check", a 33% for "check minus", and 0% if not submitted.

Participation grades will be determined by "pop-quizzes" throughout the semester. There will be 6 quizzes in total, 4 of these quizzes will be counted at 1.25% each.

Bonus points will be given for tutorial attendance. A tutorial will be offered after every problem set and once before the final exam. The tutorial is *not* mandatory. However, a bonus point of 0.5% will be given for each tutorial that you attend. This bonus point can also be earned in an alternative method. A short term paper can be submitted on the last day of class, Apr. 20. Each page will be worth 0.5%, for a maximum of 2.5%.

Re-grade policy: If you appeal to re-grade your midterm, you should submit your entire answer key and attach a sheet explaining which question(s) and the reason(s). The deadline to submit any re-grade is within one week after the graded exam is distributed.

Academic honesty: The University has a zero-tolerance policy on cheating and plagiarism. Violations can lead to disciplinary actions including the termination of studies at the University. Please refer to the University's online guide on academic honesty for further information: <http://www.cuhk.edu.hk/policy/academichonesty/>

Course Outline and Reading List

Week	Dates	Topic	Readings
1	Jan. 10-12	Introduction, National income accounting	K 1, 13; F 12, 16
2	Jan. 17-19	Intertemporal trade & balance of payments	K 1, 13; F 12, 16
3	Jan. 24-26	Intertemporal trade & balance of payments, Fiscal and current account deficits PS 1 due on Jan. 26	K 1, 13; F 12, 16
4	Jan. 31 - Feb. 2	No class	

5	Feb. 7-9	Production economy model	
6	Feb. 14-16	Production economy model, Interest parity conditions, Review PS 2 due on Feb. 14	K 14; F 13
7	Feb. 21-23	Midterm on Feb. 21 Interest parity conditions	K 15; F 15
8	Feb. 28- Mar. 2	Exchange rates with sticky prices	K 15; F 15
9	Mar. 7-9	Exchange rates with flexible prices	K 16; F 14
10	Mar. 14-16	Balassa-Samuelson model PS 3 due on Mar. 16	F 22
11	Mar. 21-23	Mundell-Fleming model	K 17; F 18
12	Mar. 28-30	Mundell-Fleming model, Presentations	K 17; F 18
13	Apr. 4-6	No class on Apr. 4 Mundell-Fleming model, Presentations PS 4 due on Apr. 6	K 17; F 18
14	Apr. 11-13	Fixed versus floating exchange rates, Presentations	K 19, 22; F 19
15	Apr. 18-20	International monetary systems, Developing countries and financial crises, Review, Presentations	K 19, 22; F 19