

Econ 3620B: International Macroeconomics 2017–2018 2nd Term

Instructor

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Lecture: Tuesdays 1:30-2:15pm, ELB LT4
 Thursdays 10:30am-12:15pm, 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 (**S**), Uribe, and Woodford, International Macroeconomics, available online: <http://www.columbia.edu/~mu2166/UIM/index.html>.

Obstfeld and Rogoff (**O**), 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:

3 Assignments = 15%

Presentation = 7.5%

Midterm = 32.5%

Final = 45%

Midterm: in-class, Thursday March 1. 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 25 to May 12.

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.

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. 9-11	Introduction, National income accounting, Intertemporal trade & balance of payments	K 1, 13; F 12, 16; S 1
2	Jan. 16-18	Intertemporal trade & balance of payments,	K 1, 13; F 12, 16; S 2, 3
3	Jan. 23-25	Intertemporal trade & balance of payments, Fiscal and current account deficits PS 1 due on Jan. 25	K 1, 13; F 12, 16; S 7
4	Jan. 30 - Feb. 1	Fiscal and current account deficits, Production economy model	S 4
5	Feb. 6-8	Production economy model	S 4
6	Feb. 13-15	Production economy model PS 2 due on Feb. 13 No class on Feb. 15 (Lunar New Year)	
7	Feb. 20-22	No class on Feb. 20 (Lunar New Year) Interest parity conditions, Review	K 14; F 13
8	Feb. 27 - Mar. 1	Interest parity conditions Midterm on Mar. 1	K 14; F 13
9	Mar. 6-8	Exchange rates with sticky prices	K 14, 15; F 13, 15
10	Mar. 13-15	Exchange rates with flexible prices	K 15, 16; F 13, 14, 15
11	Mar. 20-22	Mundell-Fleming model, Flexible versus fixed exchange rates PS 3 due on Mar. 20	K 17, 19, 22; F 18
12	Mar. 27-29	Mundell-Fleming model, Balassa-Samuelson model No class on Mar. 29 (Reading week)	F 22; S 9
13	Apr. 3-5	No class on Apr. 3 (Reading week) No class on Apr. 5 (Ching Ming)	
14	Apr. 10-12	Balassa-Samuelson model, Presentations	F 22; S 9
15	Apr. 17-19	Presentations, International monetary systems, Review	K 19, 22; F19