The Chinese University of Hong Kong
ECON 3620B: International Macroeconomics
Course Outline for Term 2, 2018-2019

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 OBJECTIVES
This course explores various topics in international macroeconomics using different methods of analysis. Students will learn to utilize simple mathematical models and perform graphical analysis to understand the balance of payments, and movements in exchange rates. In addition, students will apply these theories to the real world and discuss implications of monetary and fiscal policy.

LEARNING OUTCOMES
Upon successful completion of the course, students should be able to understand some simple causal relationships between international macroeconomic events and the reasons why some policies can or cannot be used to deal with some economic problems.

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

RECOMMENDED TEXTBOOK
Krugman, Obstfeld, and Melitz (**K**), International Economics: Theory and Policy, 11th ed.
Feenstra and Taylor (**F**), International Economics, 3rd ed.
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**.

COURSE ASSESSMENT

4 Assignments	20%
Midterm exam	30%
Final exam	50%
Total	100%

Grade	Descriptions
A / A-	Outstanding/Generally outstanding performance on all learning outcomes.
B+ / B / B-	Substantial performance on all learning outcomes, OR high performance on some learning outcomes which compensates for less satisfactory performance on others, resulting in overall substantial performance.
C+ / C / C-	Satisfactory performance on the majority of learning outcomes, possibly with a few weaknesses.
D+ / D	Barely satisfactory performance on a number of learning outcomes
F	Unsatisfactory performance on a number of learning outcomes, OR failure to meet specified assessment requirements.

Midterm: in-class, Thursday Feb. 28. 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 11.

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. 8-10	Introduction, National income accounting, Intertemporal trade & balance of payments	K 1, 13; F 12, 16; S 1
2	Jan. 15-17	Intertemporal trade & balance of payments,	K 1, 13; F 12, 16; S 2, 3
3	Jan. 22-24	Intertemporal trade & balance of payments, Fiscal and current account deficits **PS 1 due on Jan. 24**	K 1, 13; F 12, 16; S 7
4	Jan. 29-31	Fiscal and current account deficits, Production economy model	S 4
5	Feb. 5-7	No class (Chinese New Year)	S 4
6	Feb. 12-14	Production economy model	
7	Feb. 19-21	Interest parity conditions, Review **PS 2 due on Feb. 19**	K 14; F 13
8	Feb. 26-28	Interest parity conditions **Midterm on Feb. 28**	K 14; F 13
9	Mar. 5-7	Exchange rates with sticky prices	K 14, 15; F 13, 15
10	Mar. 12-14	Exchange rates with flexible prices	K 15, 16; F 13, 14, 15
11	Mar. 19-21	Mundell-Fleming model, Flexible versus fixed exchange rates **PS 3 due on Mar. 19**	K 17, 19, 22; F 18
12	Mar. 26-28	Mundell-Fleming model, Balassa-Samuelson model	F 22; S 9
13	Apr. 2-4	No class (Reading week)	
14	Apr. 9-11	Balassa-Samuelson model, International monetary systems **PS 4 due on April 11**	F 22; S 9
15	Apr. 16-18	International monetary systems, Review	K 19, 22; F19