

EC 476: International Finance and Open Economy Macroeconomics

Fall 2017

Class Schedule

Tuesday, Thursday 2:00-3:20 pm, Blow Memorial Hall 333

Contact Information

Professor: Matt Klepacz

Email: mtklepacz@wm.edu

Office: Tyler 257

Office Hours: Tuesday 5:00-6:00 pm, Wednesday 3:00-5:00 pm

Teaching Assistant

Yuxia Wang

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Julia Boge

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Course Material

Required Textbook. International Economics, 10th Edition, by Paul Krugman, Maurice Obstfeld, and Marc Melitz. Pearson, 2015. (ISBN: 0133423648)

Optional Textbook. International Macroeconomics, 4th Edition, by Robert Feenstra and Alan Taylor. Worth, 2017. (ISBN:1319061729)

Course Description

This course will provide a discussion of international topics of macroeconomic interest. It includes topics such as the balance of payments, interest parity, determination of output and exchange rates in the open economy, purchasing power parity, systems of exchange rates, financial crises, and the international monetary systems. Relevant articles from scientific journals beyond textbook readings will be included.

Prerequisites

EC 304 (Intermediate Macroeconomic Theory). More generally, students should be familiar with the concepts of supply and demand, monetary and fiscal policy, and have extensive practice using equations, graphs, and tables to analyze economic situations. Students are also expected to be experts working with functions, their graphical representation, and the solution of simultaneous equations. Consistent study habits coupled with an eagerness to learn and ask questions will help to achieve the learning objectives.

Course Website

All course material will be posted on Blackboard.

Course Grade

Midterm Exam	25%
Final Exam	35%
Paper	20%
Problem Sets (Best 4 out of 5)	20%

Problem Sets

Problem sets are due at the beginning of class on the dates listed below. Assignments turned in less than 24 hours late will be accepted with a one mark deduction. Assignments turned in more than 24 hours late will not be accepted. I encourage you to work together on these assignments, however each student must turn in their own problem set. Your lowest problem set grade will be dropped. Re-grading of any sort will only be considered the week after the assignment is returned.

There are four possible grades for each problem set:

PS Grade	Criteria	Percentage of PS Score
Check Plus	All questions solved and correct	100%
Check	All questions solved with some errors	80%
Check Minus	Incomplete	50%
Zero	Not turned in	0%

Important Dates

Add/ Drop Deadline: 9/8/2017

Midterm Exam: 10/19/2017

Withdrawal Deadline: 10/27/2017

Final Exam: 12/11/2017- 2:00-5:00 pm

Exams

Exams are closed book. The midterm exam will be given in class on the date listed above. Students who are unable to take the exam on this date must provide a valid reason and documentation for the absence, as far in advance as possible. A makeup exam will then be scheduled. In the event that you have questions regarding the grading of an exam, you have one week from the day it is returned to resubmit it to me with questions.

Paper

A topic will be assigned October 24 and due November 21. The paper should be about 5 pages and will analyze an international macroeconomic topic in depth. Collaboration is not permitted on this assignment. More information will be provided at that time.

Academic Conduct

The College of William & Mary has had an honor code since at least 1779. Academic integrity is at the heart of our community, and we are all responsible for upholding the ideals of honor and integrity. I will report all suspected instances of academic dishonesty to the honor system. Additional information is available at www.wm.edu/studenthandbook and includes your responsibilities as a student and the full Code. Your full participation and observance of the Honor Code is expected.

Tentative Course Outline

This is a tentative outline and subject to change. Additional readings and materials will be posted to Blackboard. Relevant changes will be noted in class.

Exchange Rates: Basics

Syllabus/Introduction		Aug. 31
National Income Accounting and the Balance of Payments	Chapter 13	Sept. 5, Sept. 7
<i>Homework 1: Assigned 9/5, due 9/14</i>		
Exchange Rates and the Foreign Exchange Market	Chapter 14	Sept. 12, Sept. 14
Monetary Policy and Exchange Rates	Chapter 15	Sept. 19, Sept. 26

Additional Reading: Menkoff et al. (2011)

Homework 2: Assigned 9/19, due 9/28

Reading Day	Sept. 21
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Exchange Rates: Long Run vs Short Run

Price Levels and the Long Run	Chapter 16	Sept. 28, Oct. 3
<i>Homework 3: Assigned 10/3, due 10/12</i>		
Output and the Short Run	Chapter 17	Oct. 5, Oct. 10, Oct 12

Additional Readings: Velde (2006)

Fall Break	October 17
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***Midterm	October 19
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International Macroeconomic Policy

International Price System	October 24
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Additional Readings: Burstein and Jaimovich (2012), Gopinath (2015)

Paper: Assigned 10/24, due 11/21

Fixed Exchange Rates	Chapter 18	Oct. 26, Oct. 31
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Homework 4: Assigned 10/31, due 11/9

An Historical Overview

Chapter 19

Nov. 2, Nov. 7, Nov. 9

Financial Globalization

Chapter 20

Nov. 14, Nov. 16

Homework 5: Assigned 11/14, due 11/30

Optimum Currency Areas/Euro Crisis

Chapter 21

Nov. 21, Nov. 28

Thanksgiving Break

Nov. 23

International Uncertainty

Nov 30

Developing Countries

Chapter 22

Dec. 5, Dec. 7

***Final Exam Monday December 11, 2:00-5:00 pm