

ECON476: Open Economy Macroeconomics

Mon/Wed/Fri 11:00-11:50, Boswell 38

CONTACT

Professor Throckmorton

E-mail: nat@wm.edu

Office: Chancellors 246

Office Hours: Tues 9:00-12:00

or by appointment any afternoon (please e-mail at least one day in advance)

BOOKS

- (Required) Paul Krugman, Maurice Obstfeld, and Marc Melitz, International Economics, 12th Edition, Pearson, 2021. (ISBN: 9780135766859).

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 academic journals beyond textbook readings will be included and summarized on problem sets.

LEARNING OBJECTIVES

Students should be able to achieve the following course objectives:

- Understand national income accounting and the balance of payments accounts
- Know how to model foreign exchange markets and understand equilibrium via interest parity
- Demonstrate the relationship between monetary policy and foreign exchange markets
- Define the law of one price and purchasing power parity and how they relate to the long-run exchange rate
- Analyze how determinants of AD affect the short-run exchange rate
- Compare fixed and floating exchange rate regimes and understand the policy trilemma
- Have a historical perspective on international monetary systems including the gold standard and the IMF
- Discuss the benefits and costs of financial globalization

PREREQUISITES

ECON 304 (Intermediate Macroeconomic Theory). 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, and their graphical representation. Consistent study habits coupled with an eagerness to learn and ask questions will help to achieve the learning objectives.

ASSIGNMENTS

There are four parts to this class. In each part, there is an assignment. The assignments will require you to find, summarize, and analyze important macroeconomic data, and like the exams, consist of free-response questions. Each assignment is worth 50 points (or 5% of your final grade).

You may work in **groups of 3 people or less**. Please turn in one set of answers per group. I will not assign groups nor will I police them; you may change groups or work by yourself. You may work with people in either of section of this class.

CLASS ENGAGEMENT (EXTRA CREDIT)

There are two ways to engage in this class, either as a group or individually. Group engagement will involve finding, summarizing, and discussing articles on current macroeconomic events. As individuals, I expect you to engage on 3 different occasions, either in class, in office hours, or on Piazza. I will provide a separate document for more details on earning credit for engagement, which counts for 3% of extra credit.

EXAMS

There are four exams, each worth 200 points (or 20% of your final grade). If you miss an exam, the weight will shift to the next exam, and **you must take Exam 4**. Please note that anything discussed in class or any topic in the assigned reading from the textbook is “fair game” for the exams. There may be material presented in class that is not in your textbook, so **make sure that you have a full set of notes**. The exam questions will test your ability to understand and recall basic principles. They will also test your understanding of applications of theories, tools, and models.

GRADES

Activity	Points	Percent
Assignments (4@50)	200	20%
Exams (4@200)	800	80%
Engagement (extra credit)	+30	+3%

There are 1000 possible points in this class. You can miss the next highest grade by a single point. If you want to appeal any grading, please contact me no later than one week from the date I post

your score. The following table indicates the minimum number of points needed to guarantee a certain grade.

Grade	Minimum Points	%	Grade	Minimum Points	%
A	920	92	C	700	70
A-	880	88	C-	670	67
B+	850	85	D+	640	64
B	800	80	D	580	58
B-	770	77	D-	550	55
C+	740	74	F	<550	<55

ATTENDANCE

I expect you to attend all classes and submit all assignments. If you are unable to attend class or submit an assignment, please let me know as soon as you can. (You do not need to explain why unless you want to.) If you are unable to attend class, I will send a zoom link shortly before class and you may attend remotely if you are able. I will not record classes. In some cases, I will upload slides or take pictures of anything I write on the whiteboard. In other cases, you will need to obtain notes from a classmate. If I am unable to attend, I will teach remotely via zoom. If I am unable to teach remotely, I will try to find a substitute teacher, otherwise class may be cancelled.

STUDENT ACCESSIBILITY SERVICES

William & Mary accommodates students with disabilities in accordance with federal laws and university policy. Any student who feels they may need an accommodation based on the impact of a learning, psychiatric, physical, or chronic health diagnosis should contact Student Accessibility Services staff at 757-221-2512 or at sas@wm.edu to determine if accommodations are warranted and to obtain an official letter of accommodation. For more information, please see www.wm.edu/sas.

HONOR CODE

I expect everyone to follow the Honor Code. Please see your student handbook for details. “As a member of the William and Mary community, I pledge on my honor not to lie, cheat, or steal, either in my academic or personal life. I understand that such acts violate the Honor Code and undermine the community of trust, of which we are all stewards.” Financial and economic crises are precipitated by breeches of trust, so you must understand this is not only very important to me but also to our entire society. I will not hesitate to punish violators of the Honor Code.

MENTAL AND PHYSICAL WELL-BEING

I recognize that students juggle different responsibilities and can face challenges that make learning difficult. There are many resources available at W&M to help you navigate emotional/psychological,

physical/medical, material/accessibility concerns, including

- The W&M Counseling Center, 757-221-3620 (services are free and confidential)
- The W&M Health Center, 757-221-4386
- For additional support, contact the Dean of Students, 757-221-2510
- For additional resources, visit <https://www.wm.edu/offices/wellness/resources/>.



IMPORTANT DATES

Date(s)	Event
Sep 4	No classes (Labor Day)
Sep 11	Add/drop deadline
Oct 9 – 29	Midterm grading period
Oct 12-15	No classes (Fall Break)
Oct 30	Withdraw deadline
Nov 7	No classes (Election Day)
Nov 20-21	Remote classes (Thanksgiving Break)
Dec 11, 9am-noon	Final Exam