

Economics 461: International Macroeconomics

Instructor: Shawn Arita; email: shawnarita@gmail.com

Prerequisite: Economics 300. Intermediate Economics: Macro Analysis.

Required Text: Paul Krugman & Maurice Obstfeld, *International Economics: Theory and Policy*, 8th ed., Pearson Addison-Wesley, 2009.

Course Description

In wake of the financial crisis in the US's credit markets that has battered the entire global economy into a slump with an unforeseeable end, the study of macroeconomics from an international perspective is more important than ever before. The same forces that have brought about globalization have also created greater interdependence within countries, making it an imperative that we understand the context of how a national economy works by accounting for its interaction within the global economy. How did the collapse of the American credit markets become a full-fledged global financial epidemic? Did America's severe current account deficits with China lead to the situation we have today? Can the world's economies coordinate successful monetary and fiscal policies to deal with the crisis? or will they resort to punitive beggar thy neighbor policies that could make a bad crisis even worse?

The global economy is filled with complex intricate forces and feedbacks that make it very difficult to understand the features of international macroeconomic issues. This course aims to build a coherent framework to engage with the challenges of examining the global economy.

Major Topics Include: monetary theory, international finance, foreign exchange markets, balance of payments (and trade deficits), capital mobility, government fiscal and monetary policies, international macroeconomic cooperation, economic crises, and the role of international institutions.

Course Requirements

Grades for the course will be based on one midterm and one final exam (together 40%), a topic presentation (25%), class attendance and participation (20%), and homework assignments (15%).

Exams: The midterm and final exams must be taken on the future determined date (exceptions for medical emergencies).

Homework: There will be several homework assignments throughout the semester. They will apply economic analytical methods and short essay problems.

Article Presentation: Every student (in a group of up to three students) will be required to present a presentation on a topic related to international macroeconomics.

Attendance and Class Participation: Class participation will be expected by all students. Discussion of current events related to economic issues will be an ongoing feature of the course.

Class Readings

The class will make use of the textbook and selected supplementary articles. Additionally daily attention to the current news will be expected for classroom discussion. The *Wall Street Journal*, The Economist, and The New York Times, will be used on a regular basis.

Tentative Schedule of Readings Krugman and Obstfeld:

Chapter

12. National Income Accounting and Balance of Payments
13. The Foreign Exchange Market
14. Money and the Exchange Rate
15. Prices and Long-run Exchange Rates
16. Output Determination Under Flexible Exchange Rates
- 17, 18. Fixed Exchange Rate Systems
19. Policy under Flexible Rates and Current Issues
20. **Monetary** Union
22. Developing Countries: Growth, Crisis, and Reform

Students with Disabilities

If you feel you need reasonable accommodations because of the impact of a disability please (1) contact the KOKUA Program (V/T) at 956-7511 or 956-7612 in room 013 of the QLCSS, and (2) speak with me privately to discuss your specific needs. I will be happy to work with you and the KOKUA Program to meet your access needs related to your documented disability.