

JW Econ 472 International Macro Economics



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Detailed information about topics, dates, and readings

How Do Global Markets and Policies Interact to Affect the Macro Economy?

We develop a framework to analyze international transmission of monetary/fiscal policy across countries to analyze the effects on output, interest, prices, trade, capital flows, and employment

Prof. Theo Eicher

What Is International Macro / International Finance?

Courses that cover International Macro Economics is also often called "International Finance." The topic covers the effects of **monetary and fiscal policy in an open economy** that is deeply integrated into global markets. The objective is to provide students with a deep understanding of analytical frameworks that can be applied to analyze the economic impact of domestic and international economic policies.

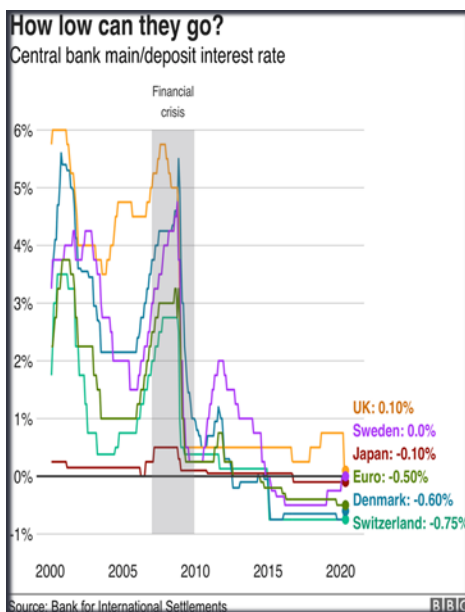
Policy issues covered include the US trade deficit, currency manipulation,

dollar value, currency crises, and economic policy spillovers between countries.

In a global economy, it is crucial to understand why the value of the national currency rises or falls and why prices for the same product may differ dramatically across countries. These questions are inextricably linked to nations' monetary and fiscal policies and their effects across international

markets. Recent economic crises seemed to have been 'timed' and 'coordinated' and countries' fortunes seemed to have risen and fallen in sync. To investigate, we examine the anatomies of crises and factors that determine international contagion.

In-class analysis of policy objectives based on our models is a key learning objective to develop economists' analytical communication skills.



Goals & Learning Objectives

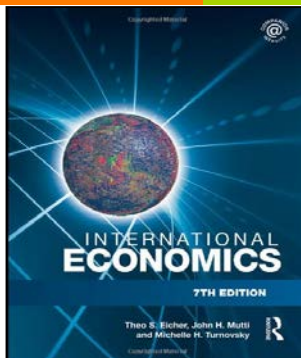
In This Class You Learn to

- 1) analyze fiscal & monetary policies and their global implications
- 2) function like an economist, verbally analyzing real-world policy puzzles using macroeconomic models.
- 3) assess country data, evaluate crisis origins on the basis of economic models, and project policy solutions
- 4) analyze macroeconomic news events on a daily basis, understand real-time drivers and event backgrounds on the basis of models

Lecture Notes: Textbook readings are [online](#). These are based on the outdated 7th edition of Eicher, Turnovsky, Mutti "*International Economics*," Routledge Press ["EMT"] (not required).

Daily Readings:

- I) Western Union "[Daily Currency](#)" blog
- II) WSJ subscription is required for case studies. A WSJ student offer is [here](#).



Additional Assignments:

Additional Readings & audio / visuals are posted for each class in the class outline below.

Class Blog: [\(link\)](#)

Topics Covered

- Learn to read a country's Income Statement and Balance Sheet (The "Balance of Payments")
- Learn about foreign exchange markets, how they function and how/why central banks may intervene
- Understand the mechanics of depreciating / appreciating currencies and their implications on GDP
- Gain an appreciation of the history of foreign exchange regimes
- Analyze the Chinese exchange rate regime, off shore markets, & policy dilemmas the Chinese gov't faces
- We study countries in financial crisis, learn to identify the causes and recovery options
- International Finance provides an introduction to International Capital Markets, their basic functioning
- International Finance models that predict exchange rate movements, currency trades
- Finally we study how domestic fiscal/monetary policy transmits to other countries via trade and global financial markets, including a detailed coverage of currency manipulations and currency wars.