Economics 472
International Macroeconomics

Times/location:      TTh 9:30-11:20/Condon Hall 193
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Office Hours:        Fri 11am-noon in Savery 338.

**Course website:**  http://depts.washington.edu/oemacro/Econ472/

Course Description

This course provides an overview of international macroeconomics and develops analytic tools and concepts that are necessary for understanding world economic policy debates. The first module of the course will cover topics including the balance of payments, exchange rate arrangements, international capital flows, and the international implications of macroeconomic policies. The course will then move on to look at financial crises, international monetary arrangements, and debt and stabilization programs for developing countries.

A good background in intermediate macro (Econ 301) is expected. Since a significant part of the course involves group work, students are expected to be able to meet with assigned groupmates outside of class, especially during the latter half of the course.

Textbook

Krugman, Obstfeld & Melitz, International Economics: Theory and Practice, 9th Edition, Addison-Wesley. The course will follow closely the second half of the text (special order at the U Bookstore). Occasional supplementary material will also be used and provided on the course website.

Grading Policy

1. Problem sets (15%). There will be 4 problem sets that will be graded based on a check plus/check/check minus scale.
2. Two in-class exams (25% each). The first exam will cover KO Chs 13 to 16 and supplementary materials (tentative date: January 31). The second exam will cover Chs 17 to 20 (tentative date: Feb 28th).
3. Group presentations (15%). The class will be divided into groups of 4-5 students to work on currency policy-related projects. Each group is expected to make a 25-minute presentation and answer questions on an assigned topic. The presentations will take place during the last three days of class.
4. Group presentation comments/quizzes (10%).
5. An individual short paper (10%) based on group presentation topics (due by **noon, Wednesday, March 20th**).

**Late Submissions**

All problem sets are due in the beginning of class (10:30am). Papers should be submitted electronically to oemacro@uw.edu by 5pm on the due date. Each student is allowed **two late days** for the quarter. A late day allows you to turn in your work within 24 hours after the official deadline without receiving any penalty. Work received after the late days are used up will not receive credit. Other extensions will be granted only under extenuating circumstances as decided by the instructor.

**Exams**

The two midterm exams are both closed book; please refer to Econ Dept Exam Rules concerning proper exam conduct. Make-up exams will not be given except in case of a serious emergency.

**Academic Honesty & Collaboration**

Academic honesty will be strictly enforced in this class. Students are required to read and sign the Honor Code agreement if they choose to take this course.

**Outline of Topics and Readings**

Students should regularly check the course website for the most up-to-date class schedule and reading assignments. Readings are to be completely prior to each class meetings.

I: National and International Accounting
II. The Exchange Rate as an Asset Price
III: Money, Interest Rates, and Exchange Rates
IV: Real Exchange Rate Determination and Long-Run Fundamentals
V: Exchange Rates and the Macroeconomy
VI: Exchange Rate Policy and International Policy Coordination
VII: Currency Crises
VIII: History of the International Monetary System and Interventions

**Topic Area for Group Projects and Presentations:** A) The Global Financial Crisis and Recovery; B) Optimal Currency Area: the European Experience and Beyond; C) The Global Capital Market: Performance and Problems; D) Exchange Rates and Developing Countries: Currency Crises; E) International Debt Management.