



## COURSE SYLLABUS

Course: **ECON 4643 International Macroeconomics and Finance**

Prerequisite: (ECON 2013 and ECON 2023) or ECON 2143.

### **Course Description:**

This course studies issues in international economics and finance from a macroeconomic perspective. Topics include national income accounting and the balance of payments; exchange rates and the foreign exchange markets; exchange rate policy; macroeconomic policy coordination; developing countries and the problem of 3rd world debt; and the global capital market.

### **Classes and Book:**

- **Classes:** We meet T/Th at 11am-12.20pm in WJWH 303
- **Book:** R. Feenstra and A. Taylor, "International Macroeconomics", 1st or 2nd Ed. Worth Publishers.
- **Course Web:** all the information and additional material of the course will be available on the Blackboard at <https://learn.uark.edu/>

### **Grading and Policies:**

The grade will be the sum of the following components: two tests, one final exam, homework assignments, and participation to the BUBBA Camp meetings. The distribution of the grade shares is:

10%	BUBBA Camps
10%	Homework
15%	Test 1
25%	Test 2
40%	Final

- **Dates of Tests and Finals:** The tests are taken during class hours on September 6<sup>th</sup> and October 25<sup>th</sup>. The Final will be held on December 11<sup>th</sup> at 10.15am.
- **Tests** will last 75 minutes. They will focus only on the corresponding part of the course. The **Final Exam** will be cumulative.
- **Rescheduling:** Make-up exams are generally not available. Exams will be rescheduled only for students affected by serious medical conditions, familiar mourning, or university-sponsored events. In these cases, you have to present a formal note from your doctor, the office for undergraduate studies of your college, or your professor/coach at least three days before the date of the exam. The three days policy does not apply to medical emergency.

- **Homework:** You should expect to be assigned five homework assignments. One before the first test; two before the second test; and two before the final exam. You are strongly recommended to work in small groups of two or three people and hand-in a common solution set. You can discuss problems with other people too, but you will definitely benefit from your independent work. You will usually have one week to work on each assignment. The due dates are marked on the course calendar.
- **BUBBA Camps:** every three weeks you will have to participate to the BUBBA (Boost Understanding Beyond Basic Answers) sections, smaller working groups with about 15 or 20 students. The sections will take place during the last 30/40 minutes of class and will be used to work on problems or to review some more technical topic of the course. You will be allowed to pick the date you prefer to take part to the section. The day before each cluster of meetings, a registration board will be brought to class and you will register following the procedure explained the first day of class. If you did not attend the first day of class, please ask your classmates or the teacher how to register for the next circle.
- **Integrity:** The academic integrity rules of UA will apply to all the tests according to the new University code of conduct. It is your responsibility to know the code and understand the consequences of breaking its rules.
- **Disability:** Students with any kind of disability who want to request any particular accommodation must register with the Center for Students with Disabilities and inform the teacher as the semester begins. The same procedure, and only this, will allow you to request also a special accommodation for the exam. The request must be submitted to the Professor in writing at the beginning of the semester.
- **Grading scale:** the grades will be based on the following scale

A	more than 85%
B	between 70 and 85%
C	between 60 and 70%
D	between 50 and 60%
F	less than 50%

### **Course Outline:**

The following is a first outline of the course schedule and of the topics we are going to cover. *This outline will be subject to improvements and changes. I will update the plan of the course with all the details you need to know every week and post it online on Blackboard. You will be required to check the website of the course to be always up to date.*

### **Part 1: Basic Open-Economy Models**

Weeks 1-3

F-T Chapter 1 (and 2)

- a. Review of Principles of Macroeconomics.
- b. Basics about exchange rates.

## **Part 2: Balance of Payments Theory**

Weeks 4-8

F-T Chapters (2 and) 5 – 7

- a. BOP definitions and accounting.
- b. Net-Wealth and intertemporal approach.
- c. The IS/LM/BP-FX model.

## **Part 3: Exchange Rates Theory**

Weeks 9-14

F-T Chapters 2 - 4

- a. More about exchange rates.
- b. Exchange rate in the LR: PPP and the monetary interpretations.
- c. Exchange rate in the SR: UIP, money markets, the Trilemma.

## **Part 4: The crisis of the Euro and of the European Union**

Weeks 15-16

F-T Chapters 8 - 10

- a. Fixed exchange rate regimes.
- b. Inconsistent fiscal policies and breaking a peg.
- c. The Greek debt and the crisis of the Euro.