

ECN320 Meeting Times, Tentative Schedule and Lecture Plan – 2023

International Macroeconomics		
Session/ Date/	Topic and Material Covered in the Outline	Reading assignment
MODULE 1. MACROECONOMIC MECHANISMS SUPPORTING INTERNATIONAL TRADE FLOWS		
1 15.08	09.15-12.00 Course overview, objectives, requirements; Introduction to open mkt macro; Section 1.1-1.4: Macroeconomic income accounting analysis; balance-of-trade; section 1.5 Balance-of-payments accounts (current account, capital account, and reserves); relations of current and capital accounts; 1.6 Macro stability under BOP; 1.7 International reserve currency	KOM, ch 13; SRP 1
2 16.08	09.15-12.00 2.1-2.2: Exchange rates and purchasing power parity (goods transactions); foreign currency speculation/hedging; efficiency in currency markets; Section 3.1-3.4: Modeling currency markets (supply and demand); currency equilibrium and changes in eqlbm; Section 3.4-3.5: Exchange rate as a tool for trade policy; 3-country model for exercise 1	KOM, ch 14, 16; RR: AFC, ch 20 (ignore interest rate/ asset returns); SRP 2; RR:Houck, ch 15
17.08	09.15-11.00 Review of trade policy analysis; groups discuss exercise -- optional session --	RR: Houck, ch 15
3 18.08	09.15-11.00 In-class group work on exercise 1. Modeling trade flows from exchange rate changes 11.15-12.00 Present / discuss exercise 1. Section 3.6 Devaluation/depreciation as a policy objective, Marshall-Lerner Condition, J-curve effect	KOM, ch 14, 16; RR: Houck, ch 15 RR: AFC, ch 23; SRP3
MODULE 2. MONEY, GOODS AND ASSET MARKET EQUILIBRIUM		
4 21.08	09.15-12.00 Section 4: Money market and interest rate determination; Section 5.1-5.2: Interest rates, capital flows and exchange rates (interest parity and investor behavior); covered interest arbitrage; capital markets: E and interest parity; foreign exchange eqlbm	KOM, ch 14-16 (focus on interest rate/asset returns); SRP 4
5 22.08	09.15-12.00 Section 5.2-5.4 Foreign debt; Capital controls; Modeling asset demand, relationship between i-rate and E; dynamic adjustment (overshooting and Fisher effect); Section 6: General eqlbm analysis: Mundell-Fleming Model; 6.1: Goods mkt eqlbm – IS and DD curves; Section 6.2: BOP eqlbm, and foreign exchange eqlbm; Section 6.3: Asset and money market eqlbm, LM and AA curves; 6.4: general eqlbm; Section 7: Fiscal and monetary policy: theoretical considerations; fixed/flexible exchange rate regimes	KOM, ch 16-18; SRP 5; RR: AFC, ch 25-27 Appleyard, Field & Cobb, <i>International Economics</i>
23.08	Independent study/reading time; groups can meet to prepare exercise 2	
6 24.08	09.15-12.00 In-class group work on exercise 2. Modeling the effectiveness of fiscal and monetary policy under different exchange regimes	KOM, ch 18; RR: AFC, ch 25-27; SRP6
7 25.08	09.15-10.00 Review exercise 2. Discuss and present exercise 2. In-class group work on exercise 3. Long-term implications of macroeconomic expansionary policy intervention. Discuss and present exercise 3. 10.15-12.00 Sections 8.1-8.2: Monetary targets, inflation/deflation (inflation targeting), inflation-unemployment (Phillips curve), non-traditional monetary policy (quantitative easing, negative interest rates), state of macroeconomics	RR: AFC: ch 25-27; KOM, ch 18 SRP 7
SYNTHESIS: ALTERNATIVE EXCHANGE REGIMES, OPTIMAL CURRENCY AREAS AND MONETARY UNION		
8 28.08	09.15-12.00 Section 10: Choosing from alternative exchange rate regimes; optimal currency areas; integration and monetary union; Section 11: Creating the EU and the eurozone; EU and the euro crisis: banking union and fiscal union	KOM, ch 19; RR: AFC: ch 28; RR: FT-EMU; SRP 8
01.09	09.15-11.00 Final exam review session	Previous exams
04.09	09.00-12.00 Final exam	