ECN320 Macroeconomics III: Open Market Macroeconomics

Over the course of the semester, the class will meet for 10-11 sessions scheduled once a week for four hours. Each 4-hour session will differ in its format (i.e., lecture, group casework or group exercises, and discussion/presentation of results of a case or exercise). There are three prepared assignments to be completed and presented by members of each group. There is also group casework assignments (probably four), which entail conducting some basic research and data collection of a particular country's macroeconomic situation. Whenever casework or an assignment is scheduled, the subsequent session will start with the discussion/presentation of the results.

The purpose of the casework is to promote and ground the class in research-based learning. By qualitatively analyzing data and searching for information, the student should develop a better sense of the important macroeconomic relationships that underlie an economy, complementing the concepts and theory covered in the lectures. The casework and exercises should foster classroom discussion and make the students more engaged with the lecture material. Having different country cases should provide a richer context by which to analyze macroeconomic situations.

Group casework assignments:

Students will work in groups to study country-specific macroeconomic situations. Each group will select a country to study over the course of the semester. The tasks involve collecting selecting macroeconomic indicators and researching information on the macroeconomy that provides insight into the macroeconomic situation existing in that particular country. Each group will be expected to collect country-specific macroeconomic data and obtain (monetary, fiscal and/or trade) policy information from around 2000 (or earlier if available) to the present. In some country cases, data will be scarcer and that group might have to tell the story as best as they can.

Assignment 1: Casework related to session 1. The task is to assemble a dataset on the balance of trade (BOT) over time for the country the group has selected. Provide details on the trade statistics and patterns. Determine how the country's balance of trade changes over a sufficiently long period (15-20 years, if possible). Think about what the BOT represents and what the implications are for that country of running a BOT that is persistently positive (trade surplus) or negative (trade deficit)? What are the sources of the imbalances for the country you have chosen? How do you explain these imbalances? What might be the macroeconomic consequences of such imbalances if the trends were to continue? Explain. Create slides to present data and information in charts, figures, and tables.

Assignment 2: Casework related to session 2. The task is to assemble a dataset on exchange rates, local currency to foreign currency(ies). How does the value of the local currency change over time? What country-specific factors might explain how the value of the local currency changes over time? How do changes in the balance of trade relate to the changes in the exchange rate? What insights might you give for how the exchange rate is likely to change in the future? What other indicators might matter for how exchange rates change over time? Create slides to present the data in information in charts, figures and tables.

Assignment 3. Casework related to session 5. The task is to assemble a dataset on capital flows, inward and outward by type (if possible), for the country. Data might be hard to find in some cases, but the idea is to relate the flow of capital to the BOT and the balance-of-payments situation of the country. What does the net capital account imply for the country?

Assignment 4: Casework related to sessions 7-8. The task is to research information on the fiscal, monetary and exchange rate policy of the country. How have these policies changed over the period for which your group has collected data and information? Relate the experiences of the country-specific situation to exercises 2 and 3. Are there any parallels that you can draw between your country and the scenarios developed in those exercises? Explain. Think about the use of fiscal policy, monetary policy, exchange rate policy, and policies aimed at controlling capital flows.