

Econ 476: Open Economy Macroeconomics

Fall 2024

College of William & Mary

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Office Hours: Tues/Thurs 11am – 12pm & 2pm – 3pm
(or by appointment)
Office: Chancellors Hall 338

| Section: | Day/Time | Location | Final Exam |
|------------|---------------------------|----------------------|----------------------------|
| 01 (20906) | Tues/Thurs 12:30 - 1:50pm | Chancellors Hall 123 | May 7 th 9a-12p |

Course Description:

This course will provide a discussion of international topics of macroeconomic interest. Think of this course as divided into three parts.

I. Exchange Rate Determination: In this part we will understand exchange rates, purchasing power parity, and how macroeconomic policies affect exchange rates.

II. Balance of Payments: How does exchange rate influences a country's budget? How do change in domestic economic conditions affect exchange rate?

III. International Monetary Systems: Different exchange rate policies and evolution of international monetary systems.

Textbook:

- Robert C. Feenstra and Alan M. Taylor, International Economics, 5th Ed (ISBN: 9781319218508).

Note: The textbook is not required but is strongly recommended. It will be especially useful to access the back of the chapter practice questions and additional reading material.

Additional Readings:

During the course, I will make available supplementary required reading material via Blackboard. Students are also encouraged to read articles from leading newspapers, all of which can be accessed through the [W&M library](#).

Prerequisites:

ECON 304 (Intermediate Macroeconomics). Students are also expected to know linear algebra, how to solve system of equations, do simple calculus, and graph equations.

General Course Expectations:

You are responsible for attending the class and ensuring that you take proper notes. Everything covered in the slides and class may be quizzed on exams. You are strongly encouraged to participate in class and to ask questions, in class or office hours. Your success in the course will be greatly determined by being attentive in class, keeping up with the material and HW, and ensuring that your doubts are addressed earlier rather than later.

Assignments:

The class will have a total of 4 HW assignments each of which will be 50 points. I will consider best 3 out of 4 submissions for final grades. Together the HWs will account for 30% of your total grades. Homework assignments will be available on Gradescope a week before deadline. Please refer to the course outline at the end of the syllabus for HW deadlines. All submissions will be through Gradescope. No email submissions will be accepted.

Some rules to keep in mind- Late assignments will not be graded and this is non-negotiable. If you are submitting scans of handwritten HWs, please make sure that your handwriting is legible, and your scans are clear and in pdf format. Do not submit pictures of assignments. You can use iPhone notes or CamScanner app to scan your HWs. You are encouraged to work together on assignments. However, each student must submit their own work.

Bonus Points:

High-quality class participation will be awarded with (fake but valuable) bank notes. Instructions on how to earn and redeem bank notes will be provided later in class and via Blackboard.

Examinations:

There will be 2 Midterm exams in addition to the Final exam. Each midterm will be 100 points and will together account for 40% of your grade. The final exam will be cumulative and will account for 30% of your total grade. Refer to the end of the syllabus for exam dates.

Examination Absence Policy:

There is no remake available for the exams. If you miss either of the midterm exams due to a medical emergency, I will replace your score with your (adjusted) score on the final exam.

Extra Credit Policy- There are no extra credits in this class.

Grading Policy:

Grades will be assigned according to the following rubric-

| | | |
|---------------------------|-----|-----|
| Assignments (Best 3 of 4) | 150 | 30% |
| Midterm I & II | 200 | 40% |
| Final | 150 | 30% |

Below is the grading scale for this class.

| Grade | Points | Grade | Points |
|-------|---------|-------|---------|
| A | 500-460 | C | 369-350 |
| A- | 459-440 | C- | 349-335 |
| B+ | 439-425 | D+ | 334-320 |
| B | 424-405 | D | 319-300 |
| B- | 404-385 | D- | 299-275 |
| C+ | 384-370 | F | <275 |

Policy on use of AI:

All work submitted in this course, whether in draft or final form, must be your own and must be cited appropriately. The use or incorporation of any AI-generated content (from ChatGPT, DALL-E, etc.) in assignments is not allowed.

Academic Honesty:

I expect everyone to follow the Honor Code. Please see your student handbook for details. “As a member of the William and Mary community, I pledge on my honor not to lie, cheat, or steal, either in my academic or personal life. I understand that such acts violate the Honor Code and undermine the community of trust, of which we are all stewards.” A minimum penalty for any breach of academic integrity is the grade of “F” for the course.

Student Accessibility Services:

William & Mary accommodates students with disabilities in accordance with federal laws and university policy. Any student who feels they may need an accommodation based on the impact of a learning, psychiatric, physical, or chronic health diagnosis should contact Student Accessibility Services staff at 757-221-2512 or at sas@wm.edu to determine if accommodations are warranted and to obtain an official letter of accommodation. For more information, please see <https://www.wm.edu/sas>.

Mental and Physical Well-Being:

I recognize that students juggle different responsibilities and can face challenges that make learning difficult. There are many resources available at W&M to help you navigate emotional/psychological, physical/medical, material/accessibility concerns, including:

- The W&M Counseling Center, 757-221-3620 (services are free and confidential)
- The W&M Health Center, 757-221-4386
- For additional support, contact the Dean of Students, 757-221-2510
- For additional resources, visit <https://www.wm.edu/offices/wellness/resources/>.

Course Outline – Econ 476:

| Lecture | Date | Topics | Deadlines/Holidays |
|------------|----------------------|--|---|
| Lecture 1 | Aug 29 th | Introduction & Ch 13 | |
| Lecture 2 | Sep 3 rd | Ch 13: Introduction to Exchange Rates | |
| Lecture 3 | Sep 5 th | Ch 13: Introduction to Exchange Rates | |
| Lecture 4 | Sep 10 th | Ch 14: Exchange Rates I: The Monetary Approach | |
| Lecture 5 | Sep 12 th | Ch 14: Exchange Rates I: The Monetary Approach | Sep 13 th – Assignment 1 Due |
| Lecture 6 | Sep 17 th | Ch 14: Exchange Rates I: The Monetary Approach | |
| Lecture 7 | Sep 19 th | Ch 15: Exchange Rates II: The Asset Approach | |
| Lecture 8 | Sep 24 th | Ch 15: Exchange Rates II: The Asset Approach | |
| Lecture 9 | Sep 26 th | Ch 15: Exchange Rates II: The Asset Approach | Sep 27 th – Assignment 2 Due |
| Lecture 10 | Oct 1 st | Open ended class session | |
| | | | |
| Lecture 11 | Oct 3 rd | MIDTERM I | |
| | | | |
| Lecture 12 | Oct 8 th | Ch 16: Balance of Payments Introduction | |
| Lecture 13 | Oct 10 th | | Fall Break – No class |
| Lecture 14 | Oct 15 th | Ch 16: Balance of Payments Introduction | |
| Lecture 15 | Oct 17 th | Ch 17: Balance of Payments I | |
| Lecture 16 | Oct 22 nd | Ch 17: Balance of Payments I | |
| Lecture 17 | Oct 24 th | Ch 17: Balance of Payments I | |
| Lecture 18 | Oct 29 th | Ch 18: Balance of Payments II | |
| Lecture 19 | Oct 31 st | Ch 18: Balance of Payments II (Group Activity) | Nov 1 st – Assignment 3 Due |
| Lecture 20 | Nov 5 th | | Election Day – No class |
| Lecture 21 | Nov 7 th | Ch 18: Balance of Payments II | |
| | | | |
| Lecture 22 | Nov 12 th | MIDTERM II | |
| | | | |
| Lecture 23 | Nov 14 th | Ch 19: Fixed vs Floating Exchange Rates | |
| Lecture 24 | Nov 19 th | Ch 19: Fixed vs Floating Exchange Rates | |
| Lecture 25 | Nov 21 st | Ch 20: Exchange Rate Crisis | |
| Lecture 26 | Nov 26 th | Ch 20: Exchange Rate Crisis | Remote Lecture |
| Lecture 27 | Nov 28 th | | Thanksgiving Break |
| Lecture 28 | Dec 3 rd | Ch 21: The European Monetary Union | |
| Lecture 29 | Dec 5 th | Ch 21: The European Monetary Union | Dec 6 th – Assignment 4 Due |
| | | | |
| | Dec 9 th | FINAL EXAM (cumulative!) | |

*The course outline is tentative and can change depending on class performance.