

Econ 476: Open Economy Macroeconomics

Spring 2024

College of William & Mary

Instructor: Abhiprerna Smit
Office Hours: Tues/Thurs 2pm – 3:30pm (or by appointment)
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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 the following sources, all of which can be accessed through the [W&M library](#).

- The Wall Street Journal
- The Economist

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.

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.

Take-home exam: Midterm II will be a take home exam. It will be assigned in class on Thursday, April 4th and will be due in class on the scheduled due date.

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	Jan 25 th	Introduction & Ch 13	
Lecture 2	Jan 30 th	Ch13: Introduction to Exchange Rates	
Lecture 3	Feb 1 st	Ch13: Introduction to Exchange Rates	
Lecture 4	Feb 6 th	Ch14: Exchange Rates I: The Monetary Approach	
Lecture 5	Feb 8 th	Ch14: Exchange Rates I: The Monetary Approach	Feb 9 th – Assignment 1 Due
Lecture 6	Feb 13 th	Ch14: Exchange Rates I: The Monetary Approach	
Lecture 7	Feb 15 th	Ch15: Exchange Rates II: The Asset Approach	
Lecture 8	Feb 20 th	Ch15: Exchange Rates II: The Asset Approach	
Lecture 9	Feb 22 nd	Ch15: Exchange Rates II: The Asset Approach	Feb 23 rd – Assignment 2 Due
Lecture 10	Feb 27 th	Open ended class session	
Lecture 11	Feb 29 th	MIDTERM I	(In-class exam)
Lecture 12	Mar 5 th	Ch16: Balance of Payments Introduction	
Lecture 13	Mar 7 th	Ch16: Balance of Payments Introduction	
Lecture 14	Mar 12 th		Spring Break – No class
Lecture 15	Mar 14 th		Spring Break – No class
Lecture 16	Mar 19 th	Ch17: Balance of Payments I	
Lecture 17	Mar 21 st	Ch17: Balance of Payments I	
Lecture 18	Mar 26 th	Ch17: Balance of Payments I	
Lecture 19	Mar 28 th	Ch 18: Balance of Payments II	Mar 29 th – Assignment 3 Due
Lecture 20	Apr 2 nd	Ch 18: Balance of Payments II	
Lecture 21	Apr 4 th	Ch 18: Balance of Payments II	MIDTERM II Assigned
Lecture 22	Apr 9 th	Open-ended class session	MIDTERM II Due
Lecture 23	Apr 11 th	Ch 19: Fixed vs Floating Exchange Rates	
Lecture 24	Apr 16 th	Ch 19: Fixed vs Floating Exchange Rates	
Lecture 25	Apr 18 th	Ch 19: Fixed vs Floating Exchange Rates	
Lecture 26	Apr 23 rd	Ch 20: Exchange Rate Crisis	
Lecture 27	Apr 25 th	Ch 20: Exchange Rate Crisis	Apr 26 th – Assignment 4 Due
Lecture 28	Apr 30 th	Ch 21: The European Monetary Union	
Lecture 29	May 2 nd	Ch 21: The European Monetary Union	
	May 7 th	FINAL EXAM (cumulative!)	

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