

Preliminary syllabus

ECON 4374 International Macroeconomics and Finance
Hong Kong University of Science and Technology
School of Business and Management
Department of Economics
Professor Edwin L.-C. Lai
Fall 2024

Number of credits: 4

Pre-requisites: (ECON 3014 AND ECON 3024) OR (ECON 3113 AND ECON 3123)

Exclusions: ECON 4354, ECON 4384

Class time and location: We and Fr 1:30pm-2:50pm; Academic Building Room 2406

Instructor: Professor Edwin L.-C. LAI, Department of Economics

Office location: LSK 6016B

Office hours: TBA

Office phone: 2358-7611

E-mail: elai@ust.hk

Tutorial time and location: We 9:30am-10:20am; Room: LSK 1010

Teaching Assistant: Minjie DING

Office location: TBA

Office hours: TBA

Phone: TBA

Email: mdingaa@connect.ust.hk

Course description

This course is about international macroeconomics and international finance. It will help students understand the macroeconomic and financial linkages between countries. Topics include national income accounting, the balance of payments, the operation of the exchange rate systems in developing and developed countries, the international capital market, the international monetary system, and the mechanisms of adjustment of exchange rate, interest rate, current account balance, output and price level in response to monetary and fiscal policies.

School of Business Undergraduate Program intended Learning Outcomes (SILOS)

Like all other undergraduate courses offered in the School of Business, this course aims to achieve the following learning outcomes:

1. Graduates will be critical and creative thinkers who make effective decisions supported by appropriate analytical techniques.

Objectives: Graduates will:

- Analyze and solve problems using appropriate analytical techniques.
- Demonstrate proficiency in using IT applications in business and management.
- Locate, gather, organize and evaluate information using appropriate information technology and systems.

2. Graduates will demonstrate effective leadership and English communication skills when solving business problems.

Objectives: Graduates will:

- Collaborate and lead positively by actively seeking and engaging in discussion of the views of others.
- Deliver business problems analyses and ideas to stakeholders in English effectively.

3. Graduates will demonstrate a broad understanding of business functions and in-depth knowledge of their major.

Objectives: Graduates will:

- Demonstrate a broad understanding of different business functions and domains to formulate integrated solutions.
- Demonstrate substantial knowledge of their business major to solve business problems.

4. Graduates will understand their ethical and social responsibilities in local and global contexts.

Objectives: Graduates will:

- Identify ethical and social considerations in business issues and decision.
- Apply business knowledge to deliver positive business and social impacts at local and international levels.

Intended learning outcomes of this course

To supplement SILOS stated above, at the end of this course, it is expected that students would be able to

1. Understand national income accounting, balance of payments, the foreign exchange market, the different exchange rate regimes, the global capital market, the international monetary & financial system, financial globalization and issues with developing countries.

2. Analyze the short-run and long-run relationship between monetary policy, fiscal policy, trade balance, price level, exchange rate, interest rate, output and unemployment in an open economy.

3. Apply the tools they learn to analyze real world economic issues that are related to the above topics.

4. Class discussion is strongly encouraged so as to train students to think critically, to learn from exchanging ideas with each other and develop communications skills in English.

Teaching Approach

This course is primarily delivered through lectures, tutorials, class discussion and homework.

Teaching and Learning Activities	Roles in the Course	Course Learning Outcome addressed
Lectures with in-class discussions	Explain key concepts and models to students	1, 2, 3
Tutorials	Review basic model and concepts, practice problem-solving, explain answers to homework and exams	1, 2, 3
Homework assignments	Practice problem solving, apply models to analyze international economic issues	2, 3

Reading Material

Required textbook:

Krugman, Obstfeld and Melitz, *International Finance: Theory and Policy*, 12th edition, Pearson Publisher (abbreviated as KOM)

Supplementary textbook (you can find it in the library):

Feenstra, Robert C. and Taylor Alan M., *International Economics*, 2nd or later edition, Worth Publishers (abbreviated as FT)

Supplementary reading material will be posted for students to download during the semester.

Examination and Assessment

Assessment Activities	Weighting	Relevant information	Course learning outcomes assessed
Final Examination	37.5%	Date: TBA	1, 2
Mid-term exam	17.5%	Date: TBA, in-class	1, 2
Group paper and presentation	25%	Date: TBA	3, 4
Homework assignments (about five to six)	10%	Need to submit, and credits will be given if seriously attempted.	1, 2
Participation	10%	Attendance; asking and answering questions in class and outside class; quizzes.	4

All examinations are closed-book.

The earlier part of the course will be tested in the mid-term examinations. The mid-term is in-class, and lasts for one hour and twenty minutes. The date of the mid-term is listed in the above table. You must take it at that date and time. The final examination is 3 hours long and will cover all the material taught in the course, with an emphasis on the later part of the course. The final examination will be held during the regular examination period.

Any excuse of absence from the mid-term and final exams due to conflicts with other activities will not be accepted, and no make-up exam will be given. Moreover, if you do not take a midterm or final exam for whatever reason, you will get zero mark for that exam. No shifting of weights to other parts of the assessment will be allowed.

Student participation is taken seriously. Attendance will be taken in each lecture. Students are expected to have read the relevant material before coming to class, and to come prepared with questions. It must be emphasized that participation is not simply being there but also asking and answering questions during the class. Attendance will account for only 3 to 4 marks out of a total of 10 marks for participation. While asking questions outside the classroom also counts toward participation, higher weight is given to participation in class. I may give some unannounced quizzes, which will also count towards participation.

About five to six problem sets will be given. The problem sets are essential for learning economic analyses that will be tested in the exams. When a problem set is due and submitted, the answers will be discussed in the tutorial. No late submission will be accepted.

Students are encouraged to discuss with each other how to tackle the problem sets but each student must submit his/her own homework.

Tutorials will be arranged when needed. A typical tutorial session would be held after problem sets are submitted. The TA or instructor may also hold Q/A sessions or review sessions or student presentations using tutorial time in other weeks.

Group Project

Students are to form into groups, and each group is required to write a group paper and do a group class presentation. The class should be evenly divided into a total of about eight groups. The number of students in any two groups cannot differ by more than one. There should be no more than four members in each group (maybe even no more than three, depending on the total number of students in the class). You can form your group voluntarily. However, if some students fail to form groups voluntarily, the instructor will intervene to form the groups for them. The instructor has the final say in determining who belongs to which group. The dates of the presentations are listed in the Schedule in this syllabus.

At the end of the semester, each student will be asked to evaluate the percentage contribution of all other students in his/her group. These numbers will be used to calculate the marks obtained by each student in the group. So, different students in the same group can get different marks for the group project if their contributions as evaluated by others are different.

Group paper

The paper and presentation should be on a topic about international trade to be approved by the instructor. The final version of paper has a due date to be announced -- no late papers will be accepted.

Group presentation

Each group is required to make a class presentation based on their group paper. Each group will be given participation marks for asking questions in other groups' presentations. A student's participation in asking questions in the presentations of other groups will enhance their individual participation marks as well as their group's participation marks.

Plagiarism and cheating

Plagiarism and cheating in exams, tests and assignments are serious offences. The university takes these cases seriously. If you are found guilty, you can be failed for the class and even expelled from the university.

If there is evidence that you copy problem set answers from each other or some leaked answer key, that is considered cheating.

Final Note:

Student feedback is essential for course improvement. I encourage continuous teaching evaluation. At any time during the semester you may verbally or anonymously (e.g., via campus mail, or slip a note under my office door) give me your feedback of my teaching. This evaluation could include the following headings: 1) Things that I like; 2) Things that I dislike; and 3) Suggestions for improvements.

Econ4374 Fall 2024 Schedule: To be determined

Reading List

Introduction
KOM Chapter 1

I. The Balance of Payments
KOM Chapter 2

II Model of the Foreign Exchange Market
KOM Chapter 3

III. The theory of international macroeconomics
KOM Chapters 4-7

IV. International monetary system
KOM Chapters 8

IV. The Global Capital Market and Developing Countries Issues
KOM Chapters 9, 11