

BGP-620: International Macroeconomics, HKS

Cross-listed as Econ 1550, FAS
Harvard University
Spring 2022

[Syllabus](#)

Click [here](#) for more information on the Shopping session.

Professor: **Jeffrey Frankel** (L217) Jeffrey.Frankel@Harvard.edu
Office hours : Wed. 4:30-6:00 pm & by appointment.
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Times: Live lecture Mondays-Wednesdays, 3:00-4:15 pm in L280 ([Seating Chart](#))

Review session: Fridays, 12:00 – 1:15 pm in L230

Final exam: Wednesday, May 4 from 2:00 – 5:00 pm

Course Readings and Slides can be found under the "Modules" tab

Problem sets can be found under the "Assignments" tab

Prospectus

Topics covered: What is the role of monetary and fiscal policy in an open economy? What determines the balance of payments, the level of economic activity, and inflation? Should countries fix their exchange rates, or let them float? How does the globalization of financial markets affect these and other policy questions?

This course deals with the macroeconomics of open economies. Topics include the foreign exchange market, devaluation, and import and export elasticities; the simultaneous determination of the trade balance, national income, the balance of payments, money flows, and price levels; capital flows in internationally integrated financial markets; monetary and fiscal policy in open economies, including at the Zero Lower Bound for interest rates; crises; international macroeconomic interdependence and policy coordination; supply relationships, inflation, and nominal anchors for monetary policy; currency unions; the determination of exchange rates in international money markets; and international portfolio diversification.

Nature of the approach: The course is a relatively comprehensive treatment of standard textbook models in the area of open-economy macroeconomics. Although real-world examples are sprinkled throughout, the course relies heavily on algebraic and graphical analysis, as is customary in economics classes.

Who should take the course: Only those who are comfortable with algebraic and graphical analysis should enroll. This is not an appropriate course for students who want some basic general exposure to international economic topics.

Prerequisites: Familiarity with the principles of economics and with intermediate-level macroeconomics is necessary, particularly standard models of monetary and fiscal policy. API-101 satisfies the prerequisite for microeconomics, as does Econ 1010a (or 1011a) in FAS. API-121 satisfies the prerequisite for macroeconomics, as does 1010b (or 1011b) in FAS, or any undergraduate macro course with a textbook like Mankiw's *Macroeconomics*. Students must be comfortable with algebra.

Problem Sets: Seven mostly quantitative problem sets are planned.

Grading:

Problem sets -- 30%; Mid-term exam -- 25%; Final exam -- 35%; Class participation -- 10%.

Students are responsible for knowing what is in [the Academic Code](#) and abiding by it, including this paragraph:

“Cheating on assignments or exams, plagiarizing or misrepresenting the ideas or language of someone else as one’s own, falsifying data, or any other instance of academic dishonesty violates the standards of our community, as well as the standards of the wider world of learning and affairs. If students submit work not their own, including from the Internet, they will be subject to discipline by the HKS Administrative Board, ranging from a warning to required withdrawal or expulsion from HKS.”