About the course

This is a course in international macroeconomics, the field of economics concerned with the performance of countries and interactions among them. We will study such issues as economic growth, international trade, employment and unemployment, inflation, interest rates and monetary policy, foreign exchange rates and international capital flows.

By the end of the semester, you will be able to:

- Describe the causes of good long-term performance: why per capita income is much higher in the US and France than in India, China, and Mexico.
- Explain how differences in local ‘institutions’ change the nature (and costs) of doing business around the world.
- Comment intelligently on whether individual countries are likely to be expanding or contracting in the next 6-24 months.
- Evaluate such economic indicators as bond yields, employment, inflation, exchange rates, and current account deficits.

We (the Stern faculty) think these skills will serve you well, whether you are selling corporate bonds, marketing consumer products in Asia, managing an emerging market hedge fund, advising clients on their international operations, or working for the Metropolitan Opera.

Prerequisites

I expect you to be able to apply basic principles of economics, statistics, and mathematics. We will use logarithms (extensively) and calculus (somewhat). I encourage you to spend a couple of hours working your way through the ‘Mathematics review,’ a concise overview of the mathematical tools we’ll be using. You’ll save yourself time and stress if you do it now.
Help

There may be times when you need a little help. If so, please stop by. My office hours are Tuesdays, 4:30-6:00pm, but I’m happy to talk any time you find me. I’m in KMC 7-81. You can also send email to cedmond@stern.nyu.edu or call 212-998-0288.

We also have a tutorial assistant, Gary Cao, gc793@stern.nyu.edu, who took the course last year and who has office hours by appointment.

Feedback

Education has to be two-way communication to work effectively, so it’s important that you share your thoughts about the course as we go along. Your comments and suggestions are welcome at any time and in any form: in person, by email, by phone, through the teaching assistant or any other medium that crosses your mind.

Course material

The course material consists of:

- **Notes.** We will use customized notes that will be distributed in class and posted on Blackboard. They are much more concise than a textbook and I expect you to read them, preferably before class. In the past, some students have asked to know what texts might be useful supplements to the course. Here are two that I can recommend:


  Please note: **these texts are not required!** They’re just listed here in case you feel the need for an alternate take on this material.

- **Other readings.** You should regard at least one of *The Economist* or *The Financial Times* as required reading for this course. Occasionally, I’ll also post specific articles that I think are particularly relevant.

- **Slides and videos.** Slides will be posted before each class and videos will be posted shortly after each class. Their role is to save you time and effort taking notes so that you can spend more time thinking and sharing your thoughts with the rest of us. They are not a legitimate excuse for missing class.
Grading

Your grade will be based on:

- Four problem sets 25%
- Midterm exam (optional) 25% or nothing
- Final exam 50% or 75%

Final grades will follow the School’s guideline for core courses: no more than 35% of the class will receive an A or A−. This guideline was introduced several years ago at the request of students, who wanted assurance that different sections of the same course would be graded to the same standard.

The fine print:

- **Problem sets.** Problem sets are designed as review. In most cases, similar examples are worked out in the notes. Each carries the same weight in your grade. I suggest you do them all in a group of 3-5 people, unless you have a strong feeling otherwise. Answers should include the names of everyone involved and submitted at the start of class on the due date.

- **Midterm exam.** The midterm is a 90-minute exam that will take place in class on March 6, the week before Spring Break. The midterm is optional. Your midterm will only count towards your final grade if it improves your overall score.

- **Final exam.** The final is a 120-minute exam that will take place on May 1, in the last class.

  For both exams, you can use one sheet of notes: letter-sized paper, both sides, any size type you like. You may also use a calculator, but may not use any electronic device that is capable of wireless transmission. Proximity to any such device during the exam will be treated as a violation of the honor code (see below). Practice exams will be distributed one week before and review sessions will be scheduled.

Honor Code

At Stern we believe that honesty and integrity are necessary for a rewarding educational experience. These qualities form the basis for the strong trust among members of the community (students, faculty, and administrators) that is essential for educational excellence. The Honor Code was instituted several years ago by students, and requires each student to act with integrity in all academic activities and to hold his or her peers to the same standard.

In this course, you may discuss assignments with anyone — in fact, we encourage it — but any written work submitted for a grade should be your own (for exams) or your group’s (for problem sets).
We also hold ourselves to a high standard of professional behavior. Lateness, cell phones, private conversations, browsing the web, checking your email, and any other behavior that disrupts the class will be considered inappropriate.

**Blackboard**

Virtually everything you need for the course will be posted on Blackboard: notes, slides, problem sets, and links to information sources. Note that the posted PDF versions of many documents have direct links to relevant material.

**If you like macroeconomics**

Don’t worry, many have had the same problem and gone on to lead productive and rewarding lives. Even better, you can pursue your interest in electives that build on the material in this course. Professor Nouriel Roubini teaches the enormously popular *International Macroeconomic Policy*, which includes a terrific review of emerging market crises. Professors Lars Ljungqvist and Thomas Sargent teach *Advanced Macroeconomics*, which shows how recent theoretical advances in macroeconomics give us a deeper understanding of hyperinflation, social security systems, capital taxation, and unemployment. Professors Richard Sylla and George Smith teach popular economic history courses, including *Financial Institutions and Markets*, which covers the development of financial systems in the US and elsewhere. Professor Paul Wachtel teaches *Monetary Policy, Banks and Central Banks*, which focuses on central bank policy worldwide.