

2014-2015

Globalization and macroeconomic policies (ECONM823)
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Professor: Romain Houssa, romain.houssa@unamur.be

Credits: 5 ECTS

Calendar

TBD

Objective and content

This course covers a number of topics in international macroeconomics and finance. Note that the title of the course is going to change to: "Globalization and Macroeconomic Policies" The main objective is to enable students to understand issues facing developed and developing countries in the era of globalization.

We will address questions such as: What is the optimum size of a monetary union? Does a nation gain/lose by relinquishing its currency? Why do capital flow more from China and Saudi Arabia to the US and not the reverse? Why have some emerging market economies been accumulation reserves in recent years?

Part 1: Economics of Monetary Union 1. Economic Cost of MU: Theory of Optimum Currency Areas 2. Theory of Optimum Currency Areas: A Critique 3. Empirical Analysis on Asymmetric Shocks: SVAR Models 4. Benefits of Monetary Union 5. Costs and Benefits Compared: EMU, Africa, Latin America and Asia 6. Transition to MU: Economics and Politics of Convergence Criteria

Part 2: Financial Globalization 1. Lucas Paradox: Why Doesn't Capital Flow from Rich to Poor Countries? 2. Financial Globalization and Productivity Growth 3. Financial Globalization and Macroeconomic Volatility 4. Financial Globalization and risk sharing

Part3: Global Imbalances 1. Facts 2. Causes and consequences of Emerging Market Reserves Accumulation 3. Adjustment of Global Imbalances

Part 4: International Business Cycle Transmission 1. Sources of macroeconomic fluctuations : country, regional and global factors 2. International Monetary and Fiscal

Policy Coordination Part 5: Other Issues on Emerging Markets & Developing countries 1.
China-Africa Linkages 2. Macroeconomic Challenges of Scaling Up Aid

Teaching Method:

I use lectures and cooperative learning: I. I use lectures in order to structure the main ideas of a course and to introduce basic concepts, facts and terminologies related to a topic. For this purpose I make use of slides which I post on webcampus. Moreover, I demonstrate mathematical formulae on the board in class. II. I use cooperative learning to 1. to make students think quickly 2. test immediately the concepts introduced in class 3. for HA and seminar presentations

Support and evaluation

Grades include two parts: 1.Home Assignments and Presentation in class: 20 to 30 % 2. Final Exam: closed book written exam (in English!):the rest

References

1. De Grauwe, P. (2009): Economics of Monetary Union, Eight Edition, Oxford University Press
2. Agenor, P. R. & P. J. Montiel (2008) Development Macroeconomics. Princeton University Press
3. Torsten, P. and G. Tabellini (2000) Political Economics Explaining Economic Policy. MIT Press
4. Krugman, P. R. M. Obstfeld and M. Melitz (2011) International Economics: Theory and Policy. 9th ed.
5. Obstfeld, M. and K. Rogoff (1996) Foundations of International Macroeconomics. MIT Press
6. Journal Articles