

Master of Science in International Management
20205 International Economics and Business Dynamics:
Module 1 (Applied International Economics)
Syllabus, updated: September 19, 2012

Course objective

The aim of this course is enable you to analyze and think *independently* about global macroeconomic issues and about how they are going to affect you and your business. Examples of the issues we'll deal with in class are:

- Why are current differences in living standards in North America and Africa so large?
- Why over the last 50 years some countries have experienced growth miracles and other have stagnated or, worst, regressed? Why Italy has not grown over the past 20 years?
- What causes booms and recessions? Could the great depression happen again? What is the role of the FED, the ECB or other institutions in avoiding recessions?
- Is the stock market as a whole overvalued? Is the Euro overvalued? Where are housing prices heading?
- What are the macroeconomic consequences of fiscal austerity in Europe? How's Obama-care going to affect the US budget?
- How large in economic inequality within developed economies? What effects does it have?
- What are the causes and the consequences of a financial crisis like the ones Argentina in 2001, US in 2008 or Greece in 2010? What would be the consequences of a collapse of the Euro?
- What are the consequences of increasing trade liberalization? Why there is so much opposition to it?

These issues are extremely complex and economists (or other scientists) do not yet have a full and clear understanding of them. As a consequence you will not walk out from the class having one either. But you will be exposed to a variety of examples and empirical evidence so at least you'll know the facts. And you will be exposed to some of the best ideas, coming straight from the frontier research in economics, that will improve your understanding.

At the end of this class you should be able to fully digest and read *critically* articles about the economy from, say, the Economist or the Wall Street Journal, as well as economics research and commentary from leading investment banks. You should also be able to intelligently comment and do independent research on any macroeconomic issue you need or want to deal with. Throughout the class we will discuss why these skills will be helpful to you, whether you want to sell corporate bonds, market consumer products, teach high school students, advise clients on their international operations, or be a stay-home parent, a musician or the president of your country.

Instructor and office hours

Fabrizio Perri

Office: 5-C2-09

Email: fabrizio.perri@unibocconi.it

Homepage: www.fperri.net

Office hours: Tuesday, 11-12.30

Course web-page and material

All relevant information and material for the course, including lecture notes, will be posted on the course web-page www.fperri.net/teaching/2025.htm. The page indicates the date of the last revision of the notes. I will let you know if I substantially revise the posted notes. Required readings are indicated with a star(*). There is no required book for the course but if you'd like to consult one please ask me.

Prerequisites

Introductory micro and macro

Important dates and tentative class outline

CLASS 6

Day	Time	Room	
Wed 12/09	10.30 - 12.00	N28	Intro
Tue 18/09	16.15 - 17.45	N28	Understanding Macro Data 1
Wed 19/09	10.30 - 12.00	N28	Understanding Macro Data 2
Tue 25/09	16.15 - 17.45	N28	Understanding Macro Data 3
Fri 28/09	10.30 - 12.00	N28	Understanding Macro Data 4
Tue 02/10	16.15 - 17.45	N28	Long Run Growth 1 Project 1 Due
Fri 05/10	10.30 - 12.00	N28	Long Run Growth 2
Tue 09/10	16.15 - 17.45	N28	Long Run Growth 3
Fri 12/10	10.30 - 12.00	N28	Long Run Growth 4
Tue 16/10	16.15 - 17.45	N28	International Trade and Globalization
Tue 06/11	16.15 - 17.45	N28	Midterm
Fri 09/11	10.30 - 12.00	N28	Business Cycles, Monetary/Fiscal Policy, 1
Tue 13/11	16.15 - 17.45	N28	Business Cycles, Monetary/Fiscal Policy, 2
Fri 16/11	10.30 - 12.00	N28	Business Cycles, Monetary/Fiscal Policy, 3
Tue 20/11	16.15 - 17.45	N28	Business Cycles, Monetary/Fiscal Policy, 4 Project 2 Due
Fri 23/11	10.30 - 12.00	N28	Exchange Rates and Financial Crises, 1
Tue 27/11	16.15 - 17.45	N28	Exchange Rates and Financial Crises, 2
Fri 30/11	10.30 - 12.00	N28	Exchange Rates and Financial Crises, 3
Tue 04/12	16.15 - 17.45	N28	Exchange Rates and Financial Crises, 4
Tue 11/12	16.15 - 17.45	N28	Final Review, Group Project Due

Final Exams:

Date	Time
12/12/12 (Only for students going abroad)	14.30
23/01/13	11.00
08/02/13	11.00
06/09/13	11.00

Important dates and tentative class outline

CLASS 7

Day	Time	Room	
Thu 13/09	12.30 - 14.00	N28	Intro
Tue 18/09	14.30 - 16.00	N29	Understanding Macro Data 1
Thu 20/09	12.30 - 14.00	N03	Understanding Macro Data 2
Tue 25/09	14.30 - 16.00	N29	Understanding Macro Data 3
Fri 28/09	08.45 - 10.15	N29	Understanding Macro Data 4
Tue 02/10	14.30 - 16.00	N29	Long Run Growth 1 Project 1 Due
Fri 05/10	08.45 - 10.15	N29	Long Run Growth 2
Tue 09/10	14.30 - 16.00	N29	Long Run Growth 3
Fri 12/10	08.45 - 10.15	N29	Long Run Growth 4
Tue 16/10	14.30 - 16.00	N29	International Trade and Globalization
Tue 06/11	14.30 - 16.00	N29	Midterm
Fri 09/11	08.45 - 10.15	N29	Business Cycles, Monetary/Fiscal Policy, 1
Tue 13/11	14.30 - 16.00	N29	Business Cycles, Monetary/Fiscal Policy, 2
Fri 16/11	08.45 - 10.15	N29	Business Cycles, Monetary/Fiscal Policy, 3
Tue 20/11	14.30 - 16.00	N29	Business Cycles, Monetary/Fiscal Policy, 4 Project 2 Due
Fri 23/11	08.45 - 10.15	N29	Exchange Rates and Financial Crises, 1
Tue 27/11	14.30 - 16.00	N29	Exchange Rates and Financial Crises, 2
Fri 30/11	08.45 - 10.15	N29	Exchange Rates and Financial Crises, 3
Tue 04/12	14.30 - 16.00	N29	Exchange Rates and Financial Crises, 4
Tue 11/12	14.30 - 16.00	N29	Final Review, Group Project Due

Final Exams:

Date	Time
12/12/12 (Only for students going abroad)	14.30
23/01/13	11.00
08/02/13	11.00
06/09/13	11.00

Class participation

My experience is that class discussion greatly enhances the quality of the learning and teaching experience so it is **strongly** encouraged.

Grading

You will be graded according to the following formula

Overall Grade = $0.4 \cdot \text{Final Grade} + 0.3 \cdot \text{Max}(\text{Final Grade}, \text{Midterm}) + 0.3 \cdot \text{Max}(\text{Final Grade}, \text{Avg. Projects})$

Notice that it is always advantageous to you to take the midterm and do the projects. If you do well on them the grade will count toward the overall grade, if you don't you can always discard it.

- *Projects.* Group and individual projects can require you to solve a simple numerical exercise, to comment a news article, or to do some research on a topic and write up a business-type report/memo. There are 2 individual projects and 1 group project. The projects, along with the due dates, will be posted in pdf on the course web-page. The pdf file of the projects might contain links to additional data needed. Answers should be delivered to me in a printed copy at the start of class on the due date. Please label the submission with its name (eg, Group Project) and the names of everyone involved. Groups should not have more than 5 individuals. **To be fair to those who deliver on time no late submissions will be accepted.**
- *Exams.* The midterm and final are 90 minutes exams. The exams are closed books and you may not use any electronic wireless receiver/transmitter. Anything mentioned in the notes, in the required readings or in class is a legitimate subject for an exam question.

Class policies

You are expected to be in the classroom on time. In class the use of a laptop is only allowed for taking notes. The use of handheld devices is not allowed and cell-phones should not be ringing. Violations of any of these policies will significantly affect your participation grade. Each student should act with integrity in all academic activities and hold his or her peers to the same standard. You might (and should) discuss assignments with anyone but any written work submitted for a grade should be your own (for individual work) or your group's (for group work). Cheating will not be tolerated.