B7259: Global Economic Opportunities and Challenges (GEE II)
(Columbia Business School EMBA course)
Shang-Jin Wei

Time: Some Fridays/Saturdays listed on the last page, Fall of 2020
Format: HyFlex

Brexit, Covid-19, volatile exchange rates, rise of China, trade wars, and an uncertain path of global interest rates are some of the forces that present challenges and opportunities to firms and governments around the world. This course will teach students frameworks and analytical tools to understand and evaluate these and other similar events in international finance, trade, and macroeconomics.

A salient feature of the course is to combine learning theoretical concepts with understanding practical problems. I will draw lessons from what I have learned from my experience as Chief Economist of Asian Development Bank and as Chief of Trade and Investment Division at International Monetary Fund, advising member governments on macroeconomic policy management, infrastructure development, and growth strategies. I will invite members of the class to share their experience and observations and interpret them in the intellectual frameworks to be discussed in the class.

The course will be suitable for students who plan to work in the consulting industry, investment banking, international asset management, governments, multinational firms, or international organizations, and will also be open to students with other interest.


Additional reading material or their links will be posted on the course web page.

Grading: The course grade will be based on performance in classroom discussion, some in-class (open-book) quizzes, and two (closed-book) exams.

- Attendance & participation 30 points
- 3 Quizzes (open book) 30
- 2 Exams 60
- Total 120 points
Class Sessions:

1. Big Topics in the World Economy
   Feenstra and Taylor (F&T), Chapter 1
   Apple, Brexit, Covid, Demographics, Election, …, and Zoom

2. Connecting Rates: Spot Exchange Rates, Forward Rates, and Interest Rates
   F&T, Chapter 2

3. Exchange Rates in the Long Run
   F&T, Chapter 3
   Parsley & Shang-Jin Wei, 2007. "A Prism into the PPP Puzzles: The Micro-
   Foundations of Big Mac Real Exchange Rates," Economic Journal, Royal
   Economic Society, vol. 117(523), pages 1336-1356.

   Case: Can I use the Big Mac Index to guide my decisions?
   https://www.economist.com/news/2020/07/15/the-
   big-
   mac-
   index

   Quiz 1 (open book)

4. Exchange Rates in the Short Run
   F&T, Chapter 4

5. Tariffs and Trade Wars

   Guest speaker: Robert Koopman (WTO)

   1. Chad Bown, “Trumps’ Trade War Time Line” (updated frequently)
      https://www.piie.com/blogs/trade-investment-policy-watch/trump-trade-war-china-
      date-guide

   2. Wang, Wei, Yu, and Zhu, 2018, “Re-examining the Effects of Trading with China on
      https://www.nber.org/papers/w24886.pdf

   Discussion: How to manage the trade war?

   Quiz 2 (open book)
6. National and International Accounts

   F&T, Chapter 5
   Case study: The US Tax Cut and the Trade Deal with China

7. Financial Globalization and Balance of Payments

   Guest speaker: Linda Goldberg – capital flows and banks

   F&T, Chapter 6

   Exam 1 (closed book)

8. Monetary and Fiscal Policies in an Open Economy

   F&T, Chapter 7

   Discussion: Brexit

9. Capital Controls and International Policy Spillovers

   F&T, Chapter 8

   (Optional reading for those who know statistical analysis) Xuehui Han and Shang-Jin Wei, 2018, International Transmission of Monetary Policy Shocks: Between a Trilemma and a Dilemma, Journal of International Economics

   Case Study: Hong Kong’s Exchange Rate - To Link or Delink?

10. Financial and Economic Crises: Varieties, Causes, and Consequences

    F&T, Chapter 9


    Quiz 3 (open book)

11. Reimagining Money around the World
F&T, Chapter 10

Guest speaker: Dong He (IMF) Digital Currency around the world

12. Taking Stock of the Course

**Exam 2 (closed book)**
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<thead>
<tr>
<th>Date</th>
<th>Session</th>
<th>Time</th>
<th>Room</th>
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<tbody>
<tr>
<td>11-Sep Fri</td>
<td>Big Trends in the World economy</td>
<td>8:30-11:30 am</td>
<td>Room A</td>
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<tr>
<td>12-Sep Sat</td>
<td>Connecting Rates</td>
<td>3:45-6:45 pm</td>
<td>Room A</td>
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<tr>
<td>25-Sep Fri</td>
<td>Exch Rate in the LR</td>
<td>12:30-3:30 pm</td>
<td>Room A</td>
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<tr>
<td>26-Sep Sat</td>
<td>Exch Rate in the SR</td>
<td>8:30-11:30 am</td>
<td>Room A</td>
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<tr>
<td>10-Oct Sat</td>
<td>Trade War</td>
<td>12:30-3:30 pm</td>
<td>Room A</td>
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<td>23 Oct-Fri</td>
<td>National Accounts</td>
<td>8:30-11:30 am</td>
<td>Room A</td>
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<tr>
<td>6-Nov Fri</td>
<td>Balance of Payments</td>
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<tr>
<td>7 Nov Sat</td>
<td>Money/Fiscal under Flexible Exchange Rate</td>
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<td>Room A</td>
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<tr>
<td>20-Nov Fri</td>
<td>Capital Controls</td>
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<td>Room A</td>
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<tr>
<td>21-Nov Sat</td>
<td>Financial Crises</td>
<td>12:30-3:30 pm</td>
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<td>5 Dec Sat</td>
<td>Digital Currencies and Central Banks</td>
<td>12:30-3:30 pm</td>
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<tr>
<td>11-Dec Fri</td>
<td>Taking Stock</td>
<td>12:30-3:30 pm</td>
<td>Room A</td>
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