Global Economic Challenges and Opportunities
Shang-Jin Wei
EMBA level (but open to MBAs), Fridays/Saturdays, Fall of 2019

Brexit, a rise of China, and volatile commodity prices 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 items in international finance, trade, and macroeconomics.

A salient feature of the course is to combine understanding theoretical concepts with solving 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. The course will feature discussions of practical problems and actual cases against theories and models presented in the course.

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

GEE I is a pre-requisite for this course. Concurrent learning with GEE II is recommended.


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

Class Sessions:

1. Big trends in the world economy: An introduction
   F&T, Chapter 1

2. Exchange rates in the long run
   F&T, Chapters 2-3
3. Exchange rates in the short run
   F&T, Chapter 4
   Alan Jorda and Alan Taylor, 2012, The carry trade and fundamentals, JIE

4. Global Trade and Current Account Imbalances
   F&T, Chapter 5
   Jeffrey Frankel and Shang-Jin Wei, 2004, Assessing China’s Exchange Rate

5. Trade Wars and Connections to Finance and Macroeconomic Policies
   Reading: to be added

   F&T, Chapter 6

7. Monetary and fiscal policies in an open-economy

   Case 1: Brexit or Not?
   Case 2: Hong Kong’s Linked Exchange Rate System

8. Managing International Policy Spillovers
   F&T, Chapter 8
   Xuehui Han and Shang-Jin Wei, 2018, International Transmission of Monetary
   Policy Shocks: Between a Trilemma and a Dilemma, Journal of International
   Economics

   F&T, Chapter 9
   Jeffrey Frankel and Shang-Jin Wei, 2005, “Managing Macroeconomic Crises,” in
   Aizenman and Pinto, Managing Economic Volatility and Crises: A Practitioner’s
   Guide. Cambridge: Cambridge University Press.

10. The Capital Structure of Nations and Firms

11. Cross-border Investment in the Shadow of Financial Crises

12. Taking Stock of the Course