

ECO-963 Macroeconomics and the Global Economy

Course Description

This is a course about exploiting the opportunities created by the emergence of a global economy and managing the risks that globalization entails. All managers now face a business environment where international and macroeconomic phenomena matter. Understanding the genesis of financial and currency crises, stock market booms and busts, and social and labor unrest is a crucial aspect in taking informed managerial decisions. Adverse macroeconomic phenomena can have a catastrophic impact on firm performance: witness the strong companies destroyed by the Mexican tequila crisis. Yet at the same time, such episodes also create business opportunities - and not just for the hedge funds and speculators that profit from them. Managers that have and use a coherent framework for analyzing these phenomena will enjoy a competitive advantage.

Learning Outcomes

After completing the course, students should be able to

- understand how contemporary macroeconomics explains dramatic events in the international economy, such as recurrent banking and financial crises in several countries
- demonstrate what constitute good institutions and how they can be designed to influence economic and business behavior in desirable directions
- develop a simple framework linking institutional design and macroeconomic performance.

Recommended Books

Eric Pentecost (2000) Macroeconomics: An Open Economy Approach

Jeffrey D. Sachs, Felipe Larrain (1993) Macroeconomics in the Global Economy