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ECO-4713: International Macroeconomics

Professor: Mihaela Pintea

Classroom:

Times: TuTh 11-12:15

Office:

Office Hours: or by appointment

E-mail: pinteam@fiu.edu

Course Description and Purpose

The material studied in this course concentrates primarily on international macroeconomics, although some basic international finance will also be covered.

A good background in intermediate macro is essential for understanding the various open economy models presented in the course.

The issues that are investigated include:

- Interest rates, exchange rates and asset prices in the global economy;
- External imbalances;
- Currency, banking and financial crises in emerging market economies and advanced economies;
- Fiscal and monetary policies in open economies
- Exchange rate arrangements and their effect on macroeconomic policies.
- IMF as a global institution

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The theory of international macroeconomics is presented and examples from the US, Europe, Latin America, China and other emerging economies are used to enhance students' understanding of global economy and its institutions.

List of Recommended Readings

IMF World Economic Outlook (Subdued Demand: Symptoms and Remedies October 2016)

China's labor market: Shocks and absorbers, The Economist, January 16, 2016

The dollar's strength is a problem for the world, The Economist, December 2016

Global Learning Course Outcomes:

This course partially fulfills the requirement for Global Learning (GL) coursework at FI

Global Awareness: Students will be able to demonstrate understanding of the global factors that determine exchange rates and external imbalances, as well as of the various national policies that can be used to address economic issues in open economies.

Global Perspective: Students will be able to conduct analyses of economies in a global setting by identifying different factors (e.g. technological, demand and supply shocks, fiscal and monetary policies, exchange rates arrangements) that lead to economic crises and opportunities.

Global Engagement: Students will be willing to work individually and in teams to develop solutions to various economic issues in a global setting.

The global learning course outcomes will be assessed through essay questions.

Examples are the following:

Global Awareness: What is the effect on the real interest rate and exchange rate between the dollar and the euro of an increase in the price level in the US?

Global Perspective: How much "liability dollarization" worsen the financial market disruption caused by a sharp depreciation of the currency in emerging economies?

Global Engagement: After the debt crises of the 1980s many developing countries wanted to improve their current account. What kind of policies would you have recommended to reach this goal?

Required Text

International Economics, by Paul R. Krugman, Maurice Obstfeld, and Marc J. Melitz, 10th Edition, Addison-Wesley, 2015

MyLab Economics subscription for study guide and homework

In addition to a close reading of the textbook, there will be additional material concerning the most current international macroeconomic events as they occur during the semester. Students are responsible for everything that is covered in class.

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Important Information

Before starting this course, please review the following pages:

- [Accessibility and Accommodation](#)
- [Academic Misconduct Statement](#)

*The professor reserves the right to change or modify the syllabus at any time during the semester.

Grades

Your grade will be determined from **three in-class exams, homework assignments** done through **MyLab Economics, three pop quizzes using the app Kahoot!** and a paper co-authored with your colleagues that needs to be presented in class.

Active Learning Strategies

Actively talking and thinking Economics may be the most important element to further your economic intuition.

In class we are going to collaboratively discuss case studies from both the book and the additional reading material. You are expected to participate in the analysis and debate issues, such as the factors that lead to movements in the exchange rates and how they affect the economy, and crisis and reform in various countries in order to actively learn international macroeconomics concepts. Your active participation in the class discussion will help sharpen your economic arguments which will be reflected in your ability to analyze the different economic concepts learnt in class and tested in the exams.

In preparation for the Final paper writing and presentation, we are going to have an open discussion of the topics chosen. You have to argue why the country that you chose as a topic for your paper is an interesting economic case study and give feedback to your colleagues regarding their choices and economic arguments. You will be graded based on your arguments, proof of mastery of the concepts learnt in class, contribution that furthers the development of ideas, and thoughtful, good questions.

Criteria for evaluating the originality and quality of students' comments and grade credit expected:

Points	10	7	3	0
Quality of comments	Excellent comments: thoughtful, reflective, insightful.	Appropriate comments	Responds, but with minimum effort.	No comments

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Relevance of comments to the discussion	Makes comments extremely relevant to discussion topic; prompts further discussion of topic	Makes comments related to discussion topic	Makes comments which do not relate to the discussion content; makes short or irrelevant remarks	No comments
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Exams are not cumulative, but most of the concepts in this class are interrelated, so you may need to use material covered in the first part of the semester to solve questions from the final.

- You can miss/drop the “lowest score” **homework assignment**.
- Quizzes are **unannounced** and constitute of 10-15 min short questions related to the material taught in class. It should encourage you to keep up with the material. You can miss/drop the “lowest score” quiz. There will be **no make-up** for the quizzes. You need to download the app [Kahoot](#), in order to be able to take the quizzes.
- Exams are going to be composed of multiple choice and short essay questions.
- The final paper will be written in groups of 5-6 students, analyzing the economy of one country of your choice by applying the concepts learnt in class. It needs to be about 15 pages, double spaced, including reference graphs and tables. You will present the paper in the last week of classes. I will provide a list of countries that you can analyze, and you need to sign up on-line. Therefore, your groups will be formed based on country preferences.

Your **final grade** will be determined using the following weighting scale (out of 105%):

- Midterms (2-4 essay questions each): each worth 20% (*2=40%)
- Homework assignments: 15%
- Quizzes (each worth 5% (*2=10%))
- Final (2-6 essay questions): 20%
- Discussion of the paper topic: 5%
- Paper and presentation: 10%
 - Since I see only the final paper and cannot judge how much effort each individual student put, we will be using IPeer an open source, web-based peer evaluation tool that allows students to evaluate their fellow group members using custom rubrics. The effort evaluation of your peers will count towards 30% of your paper grade.

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- Presentation will count towards 30% of paper grade
- Common paper grade is 40%

At the end of the semester, grades will be assigned on a curve based on the total number of points earned on the three exams and the homework, properly weighted.

Sample Grading Scheme

Letter	Range%	Letter	Range%	Letter	Range%
A	95 or above	B	83 - 86	C	71 - 76
A-	90 - 94	B-	80 - 82	D	63 - 69
B+	87 - 89	C+	77 - 79	F	59 or less

I reserve the right to lower the cutoffs.

Incomplete will be given only under exceptional circumstances. Any kind of emergency has to be documented to receive an "I". Doing poorly in the course will not be considered a valid reason.

Sources of Additional Macroeconomics Information

The Economist, www.economist.com.

The Wall Street Journal, www.wsj.com

Financial Times, www.financialtimes.com.

The Federal Reserve, <http://www.federalreserve.gov>

World Bank, www.worldbank.com

International Monetary Fund, www.imf.org

Course Outline

Changes may be made to accommodate the pace of the class, students' interests, or other surprises.

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Last drop day: March 18, 2019

Week 1 (1/6-1/10)

Syllabus, general discussion of the course
National Income Accounting and the Balance of Payments

Week 2 (1/13– 1/17)

National Income Accounting and the Balance of Payments (cont.)

Week 3 (1/20– 1/24)

Exchange Rates and the Foreign Exchange Market: An Asset Approach

Week 4 (1/27– 1/31)

Money, Interest Rates, and Exchange Rates

Week 5 (2/3-2/7)

Money, Interest Rates, and Exchange Rates (cont.)

First Midterm

Week 6 (2/10-2/14)

Price Levels and the Exchange Rate in the Long Run

Week 7 (2/17-2/21)

Price Levels and the Exchange Rate in the Long Run (cont.)

Paper discussion

Spring break (2/24-2/28)

Week 8 (3/2-3/6)

Output and the Exchange Rate in the Short Run

Week 9 (3/9-3/13)

Fixed Exchange Rates and Foreign Exchange Intervention

Week 10 (3/16-3/20)

Second Midterm

The International Monetary Systems: A Historical Overview

Week 11 (3/23-3/27)

The International Monetary Systems: An Historical Overview (cont.)

Week 12 (3/30-4/3)

Financial Globalization: Opportunity and Crisis

Week 13 (4/6-4/10)

Financial Globalization: Opportunity and Crisis

Week 14 (4/13-4/17)

Paper presentations

Final week (4/20-4/25)

Final exam: Thursday