ECO-4713: International Macroeconomics   Spring 2012

Professor:   Mihaela Pintea
Classroom:   Ziff Education Bldg 120
Times:   TuTh 2:00pm - 3:15pm
Office:   DM 309C
Office Hours:   TuTh 1-2pm
E-mail:   pinteam@fiu.edu
Class webpage:   http://www.fiu.edu/~pinteam/Eco4713.htm

Required Text


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.

Course Content

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

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.
Global Learning Course Outcomes:

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

**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 US interest rate and exchange rate between the dollar and the euro of an increase in the price level in the US?

**Global Perspective:** How might “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?

**Grades**

Students’ grade will be determined from **three in-class exams**, **homework assignments** done through MyEconLab, and **class participation**

Class participation is **not** equivalent to class attendance; it implies that you participate actively in the class discussions. Actively talking and thinking economics may be the most important element to further your economic intuition. Using the case study method to discuss, analyze, and debate issues such as the creation of the euro, and crisis and reform in developing countries has a major contribution to active learning of international macroeconomics concepts.
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.

The final grade will be determined using the following weighting scale:

Midterms (3-4 essay questions each): each worth 25% (*2=50%)
Homework assignments: 15%
Final (5-6 essay questions): 35%
Class participation: extra credit

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.

**Grading Scale**

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<thead>
<tr>
<th>Percentage Grade</th>
<th>Letter</th>
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<tbody>
<tr>
<td>94-100</td>
<td>A</td>
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<tr>
<td>90-93</td>
<td>A-</td>
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<tr>
<td>87-89</td>
<td>B+</td>
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<td>83-86</td>
<td>B</td>
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<tr>
<td>80-82</td>
<td>B-</td>
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<td>77-79</td>
<td>C+</td>
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<td>73-76</td>
<td>C</td>
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<tr>
<td>70-72</td>
<td>C-</td>
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<td>67-69</td>
<td>D+</td>
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<tr>
<td>60-66</td>
<td>D</td>
</tr>
<tr>
<td>0-59</td>
<td>F</td>
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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.

**Religious Holiday:**

The University's policy on religious holydays as stated in the University Catalog and Student Handbook will be followed in this class. Any student may request to be excused from class to observe a religious holyday of his or her faith.
Policies and Academic Misconduct

Every student must respect the right of all to have an equitable opportunity to learn and honestly demonstrate the quality of their learning. Therefore, all students must adhere to a standard of academic conduct, demonstrating respect for themselves, their fellow students, and the educational mission of the University. As a student taking this class you have to agree to not represent someone else’s work as your own; not cheat, nor will you aid in another’s cheating and be honest in your academic endeavors.

If you are found responsible for academic misconduct, you will be subject to the academic misconduct procedures and sanctions as outlined in the Student Handbook at http://www.fiu.edu/provost/polman/sec2web.html.

Failure to adhere to the guidelines stated above may result in one of the following:

**Expulsion:** Permanent separation of the student from the University, preventing readmission to the institution. This sanction shall be recorded on the student’s transcript.

**Suspension:** Temporary separation of the student from the University for a specific period of time.

Sources of Additional Macroeconomics Information

You are advised to read the Economist (or the Financial Times) where current issues in international trade and finance are analyzed as they occur.

- The Economist
- The Wall Street Journal
- Financial Times
- World Bank
- International Monetary Fund
- The Economists’ Voice
- Board of Governors Federal Reserve System
- Bureau of Economic Analysis
- Bureau of Labor Statistics
- Penn World Tables
- The Brookings Institution
- The Economic Policy Institute
- The American Enterprise Institute
- Greg Mankiw’s Blog
- Brad DeLong’s Blog
Course Outline

Changes may be made to accommodate the pace of the class, students’ interests, or other surprises.
Last drop day: March 19, 2012

Week 1 (1/9-1/14)
Syllabus, general discussion of the course
Chapter 13: National Income Accounting and the Balance of Payments

Week 2 (1/16– 1/21)
Chapter 13: National Income Accounting and the Balance of Payments (cont.)

Week 3 (1/23– 1/28)
Chapter 14: Exchange Rates and the Foreign Exchange Market: An Asset Approach

Week 4 (1/30– 2/3)
Chapter 15: Money, Interest Rates, and Exchange Rates

Week 5 (2/6-2/10)
Chapter 15: Money, Interest Rates, and Exchange Rates (cont.)
First Midterm

Week 6 (2/13-2/17)
Chapter 16: Price Levels and the Exchange Rate in the Long Run

Week 7 (2/20-2/24)
Chapter 16: Price Levels and the Exchange Rate in the Long Run (cont.)

Week 8 (2/27-3/2)
Chapter 17: Output and the Exchange Rate in the Short Run

Week 9 (3/5-3/9)
Chapter 18: Fixed Exchange Rates and Foreign Exchange Intervention

Spring Break (3/12-3/16)

Week 10 (3/19-3/23)
Second Midterm
Chapter 19: International Monetary Systems: An Historical Overview

Week 11 (3/26-3/30)
Chapter 19: International Monetary Systems: An Historical Overview

Week 12 (4/2-4/6)
Chapter 20: Optimum Currency Areas and the European Experience
**Week 13 (4/9-4/13)**
Chapter 22: Developing Countries: Growth, Crisis and Reform

**Week 14 (4/16-4/20)**
Chapter 22: Developing Countries: Growth, Crisis and Reform (cont.)
Review

**Final week (4/23-4/27)**
Final exam is on Thursday, 4/26/2012 at 12-2pm.