

## ECO-4713: International Macroeconomics

**Professor:** Mihaela Pinte  
**Classroom:** GC 279A  
**Times:** TTh 11-12:15  
**Office:** DM 309C  
**Office Hours:** TTh 1-2pm  
**E-mail:** pinteam@fiu.edu  
**Class webpage:** <http://faculty.fiu.edu/~pinteam/>

### Required Text

*International Economics*, by Paul R. Krugman, Maurice Obstfeld, and Marc J. Melitz, 10<sup>th</sup> edition, Addison-Wesley, 2015

**MyEconLab** subscription for study guide and homework (see homepage for course)

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

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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 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 rate 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?

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## 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.

## 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 creation of the euro, and crisis and reform in various countries in order to actively learn 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

Percentage	Grade	Letter
94-100	A	A
90-93	A-	A-
87-89	B+	B+
83-86	B	B
79-82	B-	B-
77-78	C+	C+
73-76	C	C
70-72	C-	C-
67-69	D+	D+
60-66	D	D
0-59	F	F

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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](#)

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[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 20, 2017

### Week 1 (1/9-1/13)

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

### Week 2 (1/16– 1/20)

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

### Week 3 (1/23– 1/27)

Exchange Rates and the Foreign Exchange Market: An Asset Approach

### Week 4 (1/30– 2/3)

Money, Interest Rates, and Exchange Rates

### Week 5 (2/6-2/10)

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

### First Midterm

### Week 6 (2/13-2/17)

Price Level and the Exchange Rate in the Long Run

### Week 7 (2/20-2/24)

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

### Week 8 (2/27-3/3)

Output and the Exchange Rate in the Short Run

### Week 9 (3/6-3/10)

Fixed Exchange Rates and Foreign Exchange Intervention

### Second Midterm

Do not copy without the express written consent of the instructor.

**Spring Break (3/13-3/17)**

**Week 10 (3/20-3/24)**

The International Monetary Systems: An Historical Overview

**Week 11 (3/27-3/31)**

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

**Week 12 (4/3-4/7)**

Optimum Currency Areas and the European Experience

**Week 13 (4/10-4/14)**

Financial Globalization: Opportunity and Crisis

**Week 14 (4/17-4/20)**

Financial Globalization: Opportunity and Crisis (cont.)

**Final week (4/24-4/29)**

**Final exam:** 4/27/2017, Thursday, 9:45-11:45am.

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