ECO-4713: International Macroeconomics

Professor: Mihaela Pintea
Classroom: DM 110
Times: TuTh 11-12:15
Office: DM 309C
Office Hours: TTh 10-11am 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 Macroeconomics 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.

LIST OF RECOMMENDED READINGS


*Dollar Flat After Recent Gains*, Wall Street Journal, Nov. 28, 2019

*It Is Time for African Countries to Shed Monetary Colonialism*, Wall Street Journal, Nov. 20, 2019
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?

REQUIRED TEXT


*MyLab* subscription for study guide and homework

I would recommend you buy or rent *MyLab Economics with Pearson eText.*

How to purchase and access MyLab Economics.

To register using Canvas

Sign in to Canvas and enter your Canvas course.

Do one of the following:
• Select any Pearson link from any module.
• Select a MyLab and Mastering link in the Course Navigation. Next, select Open MyLab and Mastering or a content link.

Next, get access to your Pearson course content. Enter your Pearson account username and password to Link Accounts. You have an account if you have ever used a MyLab or Mastering product.

If you don’t have a Pearson account, select Create and follow the instructions.

Select an access option:

• Enter the access code that came with your textbook or that you purchased separately from the bookstore.
• Buy access using a credit card or PayPal.
• Get temporary access.

From the You’re Done page, select Go to My Courses.

**Note:** I recommend you always enter your MyLab Economics course through Canvas

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.

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.

**Exams**

There are going to be two midterms and one final.

First midterm will be given in class, during Week 5: February 3rd-9th, and it will cover three chapters: National Income Accounting and the Balance of Payments, Exchange Rates and the Foreign Exchange Market: An Asset Approach and Money, Interest Rates, and Exchange Rates.

Second midterm will be given in class, during Week 10: March 16-20th, and it will cover three chapters: Price Levels and the Exchange Rate in the Long Run, Output and the Exchange Rate in the Short Run, and Fixed Exchange Rates and Foreign Exchange Intervention.
Final will be given in class, during Finals week, and it will cover two chapters: The International Monetary Systems: An Historical Overview, and Financial Globalization: Opportunity and Crisis.

- Exams are going to be composed of multiple choice and short essay questions.
- 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.

**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 on 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:**

<table>
<thead>
<tr>
<th>Points</th>
<th>10</th>
<th>7</th>
<th>3</th>
<th>0</th>
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<tr>
<td>Quality of comments</td>
<td>Excellent comments: thoughtful, reflective, insightful.</td>
<td>Appropriate comments</td>
<td>Responds, but with minimum effort.</td>
<td>No comments</td>
</tr>
<tr>
<td>Relevance of comments to the discussion</td>
<td>Makes comments extremely relevant to discussion topic; prompts further discussion of topic</td>
<td>Makes comments related to discussion topic</td>
<td>Makes comments which do not relate to the discussion content; makes short or irrelevant remarks</td>
<td>No comments</td>
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Homework Assignments

You will have homework assignments at the end of each chapter. Homework will be assigned through MyLab Economics.

Pop Quizzes

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.

Final Paper and Presentation

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 references, 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.

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.

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

- Midterms: each worth 20% (*2=40%)
- Homework assignments: 15%
- Quizzes: each worth 5% (*2=10%)
- Final: 20%
- Discussion of the paper topic: 5%
- Paper and presentation: 10%
  - The effort evaluation of your peers will count towards 20% of your paper grade.
  - Presentation will count towards 30% of paper grade
  - Common paper grade is 50%

At the end of the semester, grades will be assigned on a curve based on the total number of points earned on the assignments, properly weighted.
Sample Grading Scheme

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<tr>
<th>Letter</th>
<th>Range%</th>
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<tbody>
<tr>
<td>A</td>
<td>95 or above</td>
<td>B</td>
<td>83 - 86</td>
<td>C</td>
<td>70 - 76</td>
</tr>
<tr>
<td>A-</td>
<td>90 - 94</td>
<td>B-</td>
<td>80 - 82</td>
<td>D</td>
<td>60 - 69</td>
</tr>
<tr>
<td>B+</td>
<td>87 - 89</td>
<td>C+</td>
<td>77 - 79</td>
<td>F</td>
<td>59 or less</td>
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</tbody>
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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.

Sources of Additional Macroeconomics Information

The Economist, [www.economist.com](http://www.economist.com).
The Financial Times, [www.ft.com](http://www.ft.com).
The International Monetary Fund, [www.imf.org](http://www.imf.org).

IMPORTANT INFORMATION

POLICIES

Please review the FIU's Policies webpage. The policies webpage contains essential information regarding guidelines relevant to all courses at FIU.

As a member of the FIU community you are expected to be knowledgeable about the behavioral expectations set forth in the FIU Student Code of Conduct.

ACCESSIBILITY AND ACCOMMODATION

The Disability Resource Center collaborates with students, faculty, staff, and community members to create diverse learning environments that are usable, equitable, inclusive and sustainable. The DRC provides FIU students with disabilities the necessary support to successfully complete their education and participate in activities available to all students. If you have a diagnosed disability and plan to utilize academic accommodations, please contact the Center at 305-348-3532 or visit them at the Graham Center GC 190.
Please visit our [ADA Compliance](#) webpage for information about accessibility involving the tools used in this course.

For additional assistance please contact FIU's [Disability Resource Center](#).

**ACADEMIC MISCONDUCT STATEMENT**

Florida International University is a community dedicated to generating and imparting knowledge through excellent teaching and research, the rigorous and respectful exchange of ideas and community service. All students should respect the right of others to have an equitable opportunity to learn and honestly to demonstrate the quality of their learning. Therefore, all students are expected to adhere to a standard of academic conduct, which demonstrates respect for themselves, their fellow students, and the educational mission of the University. All students are deemed by the University to understand that if they are found responsible for academic misconduct, they will be subject to the Academic Misconduct procedures and sanctions, as outlined in the Student Handbook.

Academic Misconduct includes: **Cheating** – The unauthorized use of books, notes, aids, electronic sources; or assistance from another person with respect to examinations, course assignments, field service reports, class recitations; or the unauthorized possession of examination papers or course materials, whether originally authorized or not. **Plagiarism** – The use and appropriation of another’s work without any indication of the source and the representation of such work as the student’s own. Any student who fails to give credit for ideas, expressions or materials taken from another source, including internet sources, is responsible for plagiarism.

Learn more about the [academic integrity policies and procedures](#) as well as [student resources](#) that can help you prepare for a successful semester.

**COURSE OUTLINE**

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

**March 16th: Last day to drop the class with a DR grade**

**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: An 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: TBA