

Department of Economics
Rutgers University
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**ECONOMICS 436
INTERNATIONAL FINANCE AND MACROECONOMICS**

Course Objectives and Learning Outcomes

This course is an introduction to main problems and methods in the field of International Macroeconomics and Finance. Topics include the determination of current accounts, exchange rate theory and evidence, financial crises, and macroeconomic policy in open economies. By the end of the course, you will have learned main theories developed to understand these issues and will apply them to interpret related empirical evidence as well as discuss implications for current events and public policy.

Prerequisites

The main prerequisites are Intermediate Microeconomics (220:320), Intermediate Macroeconomics (220:321) and Econometrics (220:322). Those courses have their own prerequisites, which you must have completed. In particular, you must have taken the necessary Calculus and Statistics courses. We will freely employ any associated concepts (e.g. partial derivatives of a function or t-statistics in a regression) during class discussion and as needed for homework and exam questions.

Course Materials and Resources

The required textbook is *International Economics* (12th edition) by Paul Krugman, Maurice Obstfeld, and Mark Melitz. You are also required to enroll in **MyLab**, an online platform where you will complete some graded assignments.

To access MyLab, please follow instructions in the course Canvas site, or follow instructions [here](#). Registering for MyLab *is mandatory*. You can access the MyLab site free of charge during a grace period (which lasts 14 days) but you must register to do so. Please register within 24 hours of the first class.

Purchasing MyLab access also includes an e-book version of the textbook. You will also be able to buy a printed copy during the MyLab registration process. As a final alternative, printed versions with Canvas access will be available to the Rutgers bookstore.

Teaching Assistant

Our TA is *Fernando Letelier*. His email address is fal49@economics.rutgers.edu

Attendance Guidelines

Class attendance and participation are most important to make the most of our course. So please make every effort to attend classes regularly. The exception is, of course, if you are feeling ill, especially with Covid-19. In such a case, please let me know so we can find a suitable arrangement.

Homework and Exams

There is one **midterm exam**, most likely in March, during one of our regular class times. The precise date depends on our progress and will be announced later.

The **final exam** will take place on Thursday **May 4th, 8-11 am**.

There will be **no makeup dates for the exams**. If a truly extreme situation unexpectedly arises, you must contact me immediately. I must agree the reason was unforeseen and extreme enough to miss the exam and verification of your situation will be required. Otherwise, you will receive a grade of 0 for any exam missed.

Homework assignments will be announced and posted as we progress through the course.

Late homework assignments will be accepted but are penalized 10% per day. In other words, if you submit an assignment one day late, your maximum possible score is 90%. After two days, the maximum score is 80%, and so on.

Grading Policy

The final grade will be computed as follows:

Homework	25%
Midterm Exam	35%
Final Exam	40%

Any request for regrading must be done *in writing* only.

There will be **no extra credit** work.

Office Hours and Communication

Professor Chang's office hours will be Thursdays, 2:30-3:30 pm, or by appointment. In either case, please request a time slot by sending an email to chang@econ.rutgers.edu, so we can schedule a virtual meeting via Zoom.

Fernando Letelier's office hours will be Wednesdays 11:00 am-12:00 m, or by appointment. You need to send an email at fal49@economics.rutgers.edu to request a time slot and schedule a meeting.

Academic Honesty and Code of Conduct

Needless to say, you are expected to adhere to all of Rutgers University's policies and regulations, in addition to normal standards of acceptable behavior. In particular, you must be familiar with and adhere to the current Rutgers University's Academic Integrity Policy, available at <http://academicintegrity.rutgers.edu/>.

Any violation of the policy will be reported as required by University procedures.

Course Outline

The outline below is tentative. I reserve the right to modify any part of it, and add or drop material, as needed or warranted by current developments.

1. National Income Accounting and Balance of Payments

Krugman-Obstfeld-Melitz (KOM), chapter 13

2. Exchange Rates and Open Economy Macroeconomics

2.1. Exchange Rates and Asset Markets. Introduction

KOM, chapter 14

2.2. Real Exchange Rates and Long Run Equilibrium

KOM, chapters 15-16

3. Short Run Analysis and Macroeconomic Policy Analysis

3.1. Exchange Rates in the Short Run

KOM, chapter 17

3.2. Fixed Exchange Rates and Foreign Exchange Intervention

KOM, chapter 18

4. International Macroeconomic Policy (as time permits)

4.1. Alternative Perspectives

Romer, David, "Keynesian Macroeconomics Without the LM Curve," *Journal of Economic Perspectives*, 14 (2000), 149-69

Woodford, M., "Financial Intermediation and Macroeconomic Analysis," *Journal of Economic Perspectives*, 24 (2010), 21-44

4.2. Applications to Current Issues: International Monetary Experience, Crises, the Euro, Crises

KOM, chapters 19-22