COURSE DETAILS
Title: ECON 6295-Special Topics: Applied International Economics
Section: Section 11 (CRN 47375)
Semester: Spring Semester 2019
Location: 1776 G Street; C-112
Time: Friday, 3:30 to 6:00 p.m.

INSTRUCTOR
Name: Dr. Alfredo M. Leone
Campus Address: Monroe 370, Department of Economics
2115 G St., NW Suite 340
Washington, DC 20052
E-mail: amleone@gwu.edu
Tel: (202) 994-6150
Office hours: By appointment

GRADUATE ASSISTANT
Name: Feng Zhang (for discussion section)
Email: zhangfeng@gwmail.gwu.edu
Time and Location: M/R 3:30 – 4:30, Monroe 324
Name: Shuang Wu (for computer lab)
Email: swu2@gwmail.gwu.edu
Time and Location: M/R: 4:30 – 6:00

COURSE DESCRIPTION
This course covers applied issues of international economics. Although it will be founded on international economics theories, it will focus on empirical issues and practical applications of international economics relevant for future practitioners in this field. The course emphasizes applying theory to the analysis of critical international trade and capital flows issues as well as current developments in the international trade and financial environment. The course reflects the diversity of the global economy by covering emerging markets and developing countries.

TEXT

COURSE OBJECTIVES
The students learn key topics in applied international trade and financial economics: the balance of payments, patterns of international trade and international trade policies, exchange rates and
the foreign exchange market, financial globalization, currency crises, and currency areas. The course emphasizes the application of theory to the understanding of critical international trade and capital flows issues in today’s globalized economy.

LEARNING OUTCOMES
After successfully completing this course, you will be able to:

- Apply international economics tools such as models of trade, as well as different approaches to exchange rate determination to analyze the patterns of international trade and capital flows;
- Evaluate the effects of trade and capital movements policies on aggregate outcomes (such as trade and capital flows volumes), the firm and industry performance (such as productivity and costs); labor markets (such as wages and employment), and long-run aggregate growth;
- Work as a member of a team while participating in learning activities, such as group homework;
- Formulate an applied research question, extract relevant information from existing literature, apply international economics theory to your question, and research empirical information to analyze international economics issues; and
- Make an effective oral presentation (using PowerPoint), incorporate constructive feedback into your own written and oral work, and conduct a critical review of your fellow students’ research.

AVERAGE MINIMUM AMOUNT OF INDEPENDENT, OUT-OF-CLASS, LEARNING EXPECTED PER WEEK
In a 15-week semester, including exam week, you should expect to spend a minimum of 4 hours a week for each hour of instruction. For a 2½-hour weekly course worth three credits, this means that you should expect to study a minimum of 10 hours outside of class each week. As part of your independent work, you should plan to spend at least two additional hours on each reading assignment.

GRADING

- Homework: 10 %
- Quizzes (10% each quiz) 20 %
- Paper topic and literature review: 5 %
- Draft Paper 5 %
- Peer Review 10 %
- Presentation (PPT, questions, Voicethread 2) 10 %
- Final Paper 20 %
- Final Exam 20 %

Homework and study groups: For homework, there will be a set of problems and questions to be provided weekly. I’ll divide the class into study groups so that you can work on the homework sets together. This process allows you to share ideas and work until you come up with the solution to the questions. Groups that meet in person tend to do better than groups that work online so I encourage you to try to find a time when everyone can meet (including those who
work). I encourage you to meet with the graduate assistant if you have difficulty with the homework.

The weekly homework will include questions from the text and on the assigned readings that illustrate the week’s economic concept. The assigned readings are normally publicly available online and will be posted on the blackboard but you can also download them from JSTOR and you can find the questions and problems in the folder on Blackboard. Answers to the questions and solutions to the problem sets will be posted on the blackboard after the due date.

Choose one member in your group to compile your group’s work into a SINGLE document and upload it to Blackboard. I don’t accept photographs of your homework and recommend that you use a program, such as CamScanner, to convert your document to a PDF. You will receive a zero on the homework set if you do not submit it in a legible manner.

The weekly problem/question sets are due **by noon before class** on the week after assigned (i.e., homework set #1 is due on week 2). You receive full credit for uploading the homework set on time and will lose points for late assignments. All group members generally receive the same credit for the homework set.

**Brief Analysis of a Current Event (individual):** You will prepare individual write-ups on a current event related to the topic of the weekly class. To help you understand the economic concepts in this assignment, I encourage you to discuss your selected current event in your group. To help you improve your writing skills, you should do your own write-up. Please be brief in your write up. To help you work on your oral communication skills, you will present your write-up in class (Be prepared to talk about 5-10 minutes. Don’t prepare a PPT).

By actively reading the assigned articles and analyzing current events, you’ll not only learn how to do things for your analysis but also, you’ll strengthen your skills on how to think and speak like an applied economist.

**Quizzes:** I will give two quizzes. Each quiz will count for 10% of your grade.


To help you pace your progress on this assignment, you will first submit the title of your paper and a three-paragraph description on what your paper is about and then the literature review. These two steps are essential for you to identify the topic of your paper and I encourage you to meet with me to discuss your topic well before the due date.
To help you learn how to critically evaluate a paper, you will peer review the draft of one of your classmate’s paper. I will grade you on the quality of your comments on your classmate’s paper. Your grade on the final paper will include an assessment of how well you incorporate comments from your classmates and from me.

**Presentation, PPT, questions, and Voicethread:** To help you develop oral communication skills, you will make a 10-12 minute presentation of your paper to the class. Your grade will depend on how clearly you present your paper, how well you answer the questions posed by your classmates, and on the quality of your PowerPoint slides. In addition, you should spend around 2 to 3 minutes on Q&A after your presentation. I will grade everyone on the questions you pose when you are not presenting; thus, everyone should be prepared to ask questions of the student making a presentation. For Voicethread 1, you will upload a two-minute introduction of your topic into Blackboard so that you will have an idea of how you look to your audience and gain practice with this type of communication. For Voicethread 2, you will present your final paper as if you were presenting it to class.

The paper and the related assignments count for 50 percent of your course grade so I encourage you to put in your best effort at each stage of the process.

Details on the structure of your paper and the grading rubric are presented at the end of the syllabus.

**Final exam:** The final covers all the material from the course.
**Late work:** I will reduce your score for work submitted after the due date.
**Make-up work:** I don’t give make-up work or extra credit. If you have an unavoidable conflict on the day of the quizzes or the final, let me know as soon as possible.

NOTE: In accordance with university policy, I will give the final exam during the final exam period and not the last week of the semester. For details and complete policy, see: [provost.gwu.edu/administration-final-examinations-during-examination-period](http://provost.gwu.edu/administration-final-examinations-during-examination-period)

**BLACKBOARD FOLDERS**
Announcements, class slides, homework sets, selected readings, groups submissions, individual student submissions, Voicethread, answers to questions and solutions to problems will be posted on blackboard.

**BEFORE THE FIRST CLASS**
1. Please be prepared to tell the class why you are enrolled in the Applied Economics MA program, what was your undergraduate major and why you chose it, your career goals, what you hope to get out of the MA program, and anything else you’d like to tell me about yourself.
2. Please, note that I record attendance.
UNIVERSITY POLICY ON RELIGIOUS HOLIDAYS

1. Students should notify faculty during the first week of the semester of their intention to be absent from class on their day(s) of religious observance;
2. Faculty should extend to these students the courtesy of absence without penalty on such occasions, including permission to make up examinations; and
3. Faculty who intend to observe a religious holiday should arrange at the beginning of the semester to reschedule missed classes or to make other provisions for their course-related activities.

For GW’s policies, see: https://registrar.gwu.edu/university-policies

ACADEMIC INTEGRITY

I personally support the GW Code of Academic Integrity. It states: “Academic dishonesty is defined as cheating of any kind, including misrepresenting one's own work, taking credit for the work of others without crediting them and without appropriate authorization, and the fabrication of information.” Please note that allowing another student to copy your work is defined as cheating under the Academic Integrity code.

Common examples of academically dishonest behavior include, but are not limited to:
1) Cheating
2) Fabrication
3) Plagiarism
4) Falsification and forgery of University academic documents
5) Facilitating academic dishonesty

Sanctions range from failure of the assignment, to failure of the course, to suspension or expulsion from the University.

All students need to be familiar with GW's Code of Academic Integrity. Item 3 in Section 1 of Article II of the Code deals with plagiarism.

“Plagiarism - intentionally representing the words, ideas, or sequence of ideas of another as one's own in any academic exercise; failure to attribute any of the following: quotations, paraphrases, or borrowed information.”

For the full Code, see: https://studentconduct.gwu.edu/code-academic-integrity

Plagiarism and How to Avoid It
Plagiarism is a serious matter both inside and outside academia. Students are responsible for becoming familiar with the different forms that plagiarism can take. Ignorance doesn’t exempt students from being penalized for plagiarism. It is essential to educate yourself about what constitutes plagiarism before writing an essay for a take-home exam, a term paper, a dissertation, or a report in the workplace. Students have failed the course or been expelled because of plagiarism. You can find a good overview of plagiarism and how to avoid it at http://widstudents.wordpress.com/tag/plagiarism/
It’s worth reading through the entire web page, including the section titled "Plagiarism Tales at GW."

The following link provide access to resources that will help to familiarize you with details on what plagiarism is, how to avoid it, and how to demonstrate academic integrity: http://www.plagiarism.org/preventing-plagiarism

SUPPORT FOR STUDENTS OUTSIDE THE CLASSROOM

DISABILITY SUPPORT SERVICES (DSS)
Any student who may need an accommodation based on the potential impact of a disability should contact the Disability Support Services office at 202-994-8250 in Rome Hall, 801 22nd St., NW, Suite 102, to establish eligibility and to coordinate reasonable accommodations. For additional information, please refer to https://disabilitysupport.gwu.edu/

Students must arrange with the DSS office well in advance of needing the service.

UNIVERSITY MENTAL HEALTH SERVICES 202-994-5300
The University’s Mental Health Services offers 24/7 assistance and referral to address students' personal, social, career, and study skills problems. Services for students include crisis and emergency mental health consultations, confidential assessment, counseling services (individual and small group), and referrals. For additional information see: https://healthcenter.gwu.edu/mental-health

SECURITY
In the case of an emergency, if at all possible, the class should shelter in place. If the building that the class is in is affected, follow the evacuation procedures for the building. After evacuation, seek shelter at a predetermined rendezvous location.

GUIDELINES FOR THE PAPER AND PRESENTATION
The objective of writing the paper is for you to develop the writing skills needed to analyze and explain an applied international economics question; the objective of the presentation is for you to develop effective oral communication skills by presenting your findings in a clear and compelling way to the class. Upon completing the paper and presentation, you will have acquired the skills to identify a research question, construct an economic hypothesis, apply the theory to the question, identify and describe the data that you would use to answer your question, and present your ideas in a way that keeps your audience engaged with you.

Papers should be well written – meaning in good English with no typos or grammatical errors – and be no longer than 10 pages, double-spaced with normal margins and type face, excluding the title page and references. You also should put together a 6-page PowerPoint presentation (not counting the title and concluding slides) that clearly presents your issue. Follow the styles in The Journal of Economic Perspectives (JEP) and The Journal of Economic Literature (JEL) for preparing your tables, charts, and references. The schedule for the assignment is below:

Week 6: Upload paper title and a three-paragraph description of what the paper is about and meet with me
Week 8: Upload your literature review and first Voicethread
Week 11: Upload draft paper and bring two copies to class
Week 13: Upload PowerPoint slides and second Voicethread
Week 14: Upload final paper and provide me the paper, the assessment sheet with comments from your classmate, and the two copies of the draft paper with comments

**Students will review and grade the first draft. I will assign the reviewer and you should meet with each other to go over the comments.** I encourage you to ask a classmate to read your paper for grammar, spelling, and clarity. Because this exercise is designed to develop your writing and oral communication skills, I will grade you on the quality of your writing, how effectively you incorporate comments from your reviewers, and on your presentation, including your PPT slides. **Students will make presentations during the last two weeks of class.** The two rubrics show how your draft and final paper and presentation will be evaluated.

Your applied international economics paper should have the following sections:
1. An introduction that presents your issue and why this issue is important. Your introduction should be explicit and be clear about the issue you are addressing/question you are answering.
2. A brief analysis of previous work on the topic and a discussion of how your paper extends this body of knowledge. Note that this section will be a summary of the full literature review and analysis you conducted.
3. At least three charts/tables/diagrams that provide a good visual picture of your data.
4. A description of the theory that applies to your question. This section should include a few mathematical equations that illustrate your theory and/or model.
5. A discussion of the data that you would use in an empirical analysis and an econometric specification, including a description of variables, why they belong in your model and the impact you expect the dependent variables to have on your independent variable.
6. A brief conclusion that summarizes what you learned and possible areas for future research.
RUBRIC 1. ASSESSMENT of PRESENTATION and DRAFT PAPER: In addition to making detailed comments on the paper itself, students should fill out the column on the Draft Paper. I will also make comments on the paper and fill out the column on the Presentation. Indicate N/A where the issue is not applicable.

<table>
<thead>
<tr>
<th>Issue</th>
<th>Score (1 to 5)</th>
<th>Comments</th>
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<tbody>
<tr>
<td>Description of the topic</td>
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<td>Literature review/Previous studies</td>
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<td>Theory</td>
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<td>Analysis</td>
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<td>Economic content</td>
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<td>Charts and Tables</td>
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<td>Asking and answering questions</td>
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<tr>
<td>References</td>
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<tr>
<td>Overall assessment</td>
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Suggested rating system:

5 – Exceptional: Paper is comprehensive and structure follows logically; theory is presented and interpreted accurately; thoroughly evaluates previous research and all references are in paper; demonstrates understanding of economic analysis, charts are clear and informative, no typos or grammatical errors, references are complete and in required format, exceptional preparation.

4 – Above average – Paper presents most of the material and follows the structure; theory presented and interpreted with satisfactory understanding; previous research evaluated but some references are missing from paper; good understanding of economic analysis, charts are clear but missing some explanation; a few typos and grammatical errors; references are nearly complete and most are in standard format, good preparation and presentation.

3 – Average – Paper presents material and follows some of the structure; theory is presented with basic interpretation; adequate literature review, some errors in economic analysis, charts are good; some typos and grammatical errors; some references and not all are in standard format, well prepared.

2 – Below average – Paper shows basic economic analysis and follows structure; theory presented but without interpretation, literature review is minimal; many errors in economic analysis; charts are adequate; many typos and grammatical errors; few references and not in standard format, some preparation is lacking

1 – Insufficient – Paper does not present an economic argument and doesn’t follow the assigned structure, theory is not presented, there is no review of literature, flawed economic analysis, charts are not clear and/or missing, numerous typos, few or no references and not in standard format, clear neglect in conducting the project.
### ASSESSMENT RUBRIC for the FINAL PAPER

**Title:**
**Author:**
**Discussant:**

#### RUBRIC 2

<table>
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<tr>
<th>Issue</th>
<th>Excellent A (94-100)</th>
<th>Very Good B+ (90-93)</th>
<th>Good B (86-89)</th>
<th>Adequate B (83-85)</th>
<th>Fair B- (80-82)</th>
<th>Deficient C+/C/C- Less than 80</th>
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<tr>
<td>Description of the topic</td>
<td>Thorough, well reasoned, creative, sophisticated, exceptional scholarly or practical quality</td>
<td>Strong understanding of material and analytical approaches; meets professional standards</td>
<td>Sound work with some weaknesses well-reasoned without serious analytical shortcomings</td>
<td>Competent work with some weaknesses; understanding or application of some important ideas is incomplete</td>
<td>Weak but meets minimal expectations, understanding, analysis, or application is incomplete</td>
<td>Inadequate work, doesn’t meet minimal expectations; work is poorly developed and is flawed by errors and misunderstanding of important issues</td>
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<td>Literature Review</td>
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<td>Presentation of Data</td>
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<td>Analysis of question</td>
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General Comments:
### ECON 6295 Applied International Economics Schedule of assignments (subject to change)

*Problems are from Feenstra and Taylor (F&T): *International Economics, Fourth Edition, MacMillan Learning (2017)*. I will ask students to present a 5-10 minute analysis to the class of a write-up on a current event (no PPT).*

<table>
<thead>
<tr>
<th>Week</th>
<th>Textbook Chapter/Problems/Quiz</th>
<th>Readings, Problems, Questions, Write-Ups, and Student Presentations</th>
</tr>
</thead>
</table>
| 1    | The Balance of Payments        | **Readings:**
**Problems:**  
F&T (pages 616-618): 1-10  
**Questions:**  
1.1. Why global imbalances are a concern to policymakers?  
1.2. Is it appropriate to use reserve assets to finance a current account deficit? Explain.  
1.3. Explain why the framework of financial accounts and balance sheets (part of the system of national accounts) is relevant to understand economic events.  
**Write-up on current event.** |
| 2    | Trade in the Global Economy   | **Readings:**
**Problems:**  
F&T (pages 25-26): 1-3 |
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<th>Questions:</th>
<th>Readings:</th>
<th>Problems:</th>
<th>Questions:</th>
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</table>
| 4 | New Explanations for International Trade (I)  
Textbook: Ch. 6  
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|   |   | 4.4. Does offshoring cause a loss in domestic jobs?  

**Write-up on current event.**

**Readings:**

- *International Monetary Fund:* World Economic Outlook (WEO), October 2018, Chapter 1:  
- *International Monetary Fund:* Global Stability Report (GFSR), October 2018 Chapter 1:  

**Problems:**

- F&T (pages 444-446): 1-5  

**Questions:**

5.1. The WEO concludes that downside risks to global growth have risen in the past six months and the potential for upside surprises has receded. Why?  
5.2. Which are the projections about the global current account balance and the creditor and debtor net international investment positions?  
5.3. The GFSR concludes that near-term risks to financial stability have increased modestly, while medium-term risks remain elevated. Why?  
5.4. Which are the main risks and vulnerabilities in emerging markets? Do they have buffers against these risks and vulnerabilities?  

**Write-up on current event.**

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**Exchange Rates and the Foreign Exchange Market**

Textbook: Ch. 13  
Introduction to Exchange Rates and the Foreign Exchange Market

**Readings:**

- *International Monetary Fund:* Annual Report on Exchange Arrangements and Exchange Restrictions 2017:  

**Problems:** F&T (pages 481-484): 1-8  

**Questions:**

6.1. Using the 2017 IMF Annual Report on Exchange Arrangements and Exchange Restrictions, describe four different exchange rate arrangements and monetary frameworks used by IMF member countries.
| 6.2. Update Figure 13-4 in F&T (page 460), using the 2017 IMF Annual Report on Exchange Arrangements and Exchange Restrictions.  
6.3. Explain riskless and risky arbitrages.  
6.4. How is the spot rate determined? Explain.  

**Write-up on current event.**

**Upload title for the paper and three-paragraph description of what your paper is about.**

| 7 | The Monetary Approach in the Long Run |  
**Textbook:** Ch. 14  
Exchange Rates I: The Monetary Approach in the Long Run  
**Readings:**  
**Problems:**  
F&T (pages 527-531): 1-11  
**Questions:**  
7.1. Using “The Economist’s Big-Mac Index,” find out whether the Argentinian Peso, the Chinese Yuan, the Euro, and the South African Rand are currently undervalued or overvalued. Explain.  
7.2. Describe the main conclusions of Rapacha and Wohard testing of the Monetary Model of exchange rate determination.  
7.3. Are the Fisher effect and real interest parity supported by empirical evidence?  
7.4. Choose the data of 10 countries to update figure 14-8 in F&T (page 508) for the most recent 30 years. What evidence do you find regarding the predictions of the monetary approach?  

| 8 | The Asset Approach in the Short Run |  
**Textbook:** Ch. 15  
Exchange Rates II: The Asset Approach in the Short Run  
**Readings:**  
**Problems:**  
F&T (pages 575-578): 1-10  
**Questions:**  
8.1. Is the dollar overvalued? Explain.  
8.2. How long can a country run large and persistent current-account deficits (or surpluses) before there is a required adjustment in the exchange rate to correct the growing external imbalance?  
8.3. How a Shortage of Stabilizing Speculative Capital Can Give
| 9 | **The Gains from Financial Globalization** | Rise to Exchange-Rate Overshooting?  
8.4. Using the Asset (or Portfolio) Approach, analyze recent trends in Argentina’s risk premium.  

**Write-up on current event**  
Upload your paper literature review and first Voicethread.  

| **Textbook:** Ch. 17  
**Balance of Payments I:** The Gains from Financial Globalization  

| **Readings** |  

| **Problems:** |  
F&T (pages 668-672): 1-13  

| **Questions:** |  
9.1. Can poor countries gain from financial globalization?  
9.2. There is a widely held perception that developing countries that opened up to capital flows have been more vulnerable to crises than industrial economies, and have been much more adversely affected. Explain.  
9.3. Does financial integration reduce output volatility?  
9.4. Does the composition of capital flows matter?  

**Write-up on current event.**  

| 10 | **QUIZ II:** Ch. 12, 13, 14, 15, and 17  
**Output, Exchange Rates, and Macroeconomic Policies in the Short Run**  
**Textbook:** Ch. 18  
**Balance of Payments II:** Output, Exchange Rates, and Macroeconomic Policies in the Short Run  

| **Readings:** |  

| **Problems:** |  
F&T (pages 722-724): 1-10  

| **Questions:** |  
10.1. What is your understanding of a “currency war.” Provide an example.  
10.2. Which are the barriers to expenditure switching?  
10.3. Why emerging markets care about capital flows?  
10.4. How policy makers in emerging markets typically respond to deal with capital flows?  

**Write-up on current event.**  

| 11 | **Fixed versus Floating**  

| **Readings:** |  
* Atish R. Ghosh, Jonathan D. Ostry, and Charalambos
<table>
<thead>
<tr>
<th>Textbook; Ch. 19 Fixed versus Floating: International Monetary Experience</th>
<th>Textbook: Ch. 20 Exchange Rate Crises</th>
</tr>
</thead>
<tbody>
<tr>
<td>Questions: 11.1. Do Fixed Exchange Rates Diminish Monetary Autonomy and Stability? 11.2. Why is there a fear of floating? 11.3. Under which exchange rate regime (fixed or floating) are shocks more likely and more costly? 11.4. Has it been successful the use of the exchange rate for disinflation?</td>
<td>Questions: 12.1. The currency regime matters a great deal in determining the likelihood that nations will face crises of confidence over their debt. Explain. 12.2. Why certain countries accumulate massive amounts of international reserves? 12.3. Explain the following words from Erskine Bowles, co-chairman of President Obama’s debt commission, in testimony to the Senate Budget Committee, March 8, 2011: [T]his is a problem we're going to have to face up to. It may be two years, you know, maybe a little less, maybe a little more. But if our bankers over there in Asia begin to believe that we're not going to be able to meet our obligations, just stop and think for a minute what happens if they just stop buying our debt. 12.4. Can we prevent crises?</td>
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</tbody>
</table>

**Write-up on current events.**

**Upload draft paper and bring two copies to class.**
| 13 | **Currency Areas**  
Textbook: Ch. 21  
The Euro | **Readings:**  
* J.M.C. Santos Silva and Silvana Tenreyro: Currency Unions in Prospect and Retrospect, Annual Review of Economics, 2010:  
[http://personal.lse.ac.uk/tenreyro/cupaper.pdf](http://personal.lse.ac.uk/tenreyro/cupaper.pdf)  
**Problems:**  
F&T (pages 875-876): 1-9  
**Questions:**  
13.1. Describe the main benefits and costs of currency areas.  
13.2. How does Europe compare with the United States on each of the optimal currency area (OCA) criteria?  
13.3. Work out the interactive activity on page 876 of F&T (on hypothetical OCA criteria).  
13.4. In your view, what caused the Eurozone crisis of 2008-2013?  
**Write-up on current event**  
Upload PowerPoint slides and second Voicethread  
**Student Presentations:**  
NOTE: Students should upload their PPT to blackboard before doing their presentation. |
|---|---|
| 14 | **Episodes of Balance of Payments or Currency Crises** | **Upload final paper and provide me the paper, the assessment sheet with comments from your classmate, and the two copies of the draft paper with comments**  
**Student Presentations:**  
NOTE: Students should upload their PPT to blackboard before doing their presentation. |
<table>
<thead>
<tr>
<th>Week/PSET</th>
<th>Chapter from textbook (F&amp;T)/topic</th>
<th>Problems from textbook (F&amp;T) and Questions</th>
<th>Due</th>
</tr>
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<tbody>
<tr>
<td>1 PSET 1</td>
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