

Freie Universität Berlin  
 Department of Economics  
 Institute for East European Studies  
 Jean Monnet Chair in External Relations of the European Union  
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 Winter Semester 2022/23

## **International Macroeconomics: EU Integration**

**Seminar:** Tuesdays, 14-16, Ihnestr.21/ A Hörsaal (Theodor Grigoriadis).

**Exercise:** Wednesdays (every two weeks), 14-16, Garystr. 21/Hörsaal 104 (Ali Reza Rahimi).

### **Office Hours**

Theodor Grigoriadis: Mondays, 10-12, Garystr. 55/101A.  
 Ali Reza Rahimi: by appointment.

### **Modules:**

Master of Science in Economics: *Internationale Makroökonomie*  
 Master of Science in Public Economics: *Internationale Makroökonomie*.  
 Master of Arts in East European Studies: *Vertiefung*.

This is a course on international and European macroeconomic theory and policy, which is offered under the auspices of the Jean Monnet Chair in External Economic Relations of the European Union. Within the context of EU policy decision-making, the first part of the course will concentrate on the balance of payment, models of intertemporal trade, international capital flows as well as solvency and debt crises. The second part of the course shifts toward models of international finance, including the Mundell-Fleming model. Finally, we discuss theoretical and empirical topics in European economic policy with a strong focus on the political economy of monetary policy and financial crises. Students are expected to become conversant with the analytical tools and theoretical discussions presented in the literature and related to EU economic and monetary integration. Slides, which have been graciously provided by Philipp Engler (IMF), will be used to facilitate the learning process. The course grade is defined by a final exam/research paper (depending on degree program pursued) in the end of the semester.

**Regular participation:** 75 percent attendance.

**Active participation:** collective presentation (12 slides per person, 15 minutes per person) in the last three weeks of the semester.

### **Required Textbooks:**

1. Eichengreen Barry. *Hall of Mirrors*, Oxford University Press, 2016.
2. Eichengreen Barry. *In Defense of Public Debt*, Oxford University Press, 2021.
3. Harms Philipp. *International Macroeconomics*, Mohr Siebeck Verlag, 2016.
4. Krugman Paul, Maurice Obstfeld & Marc Melitz, *International Economics: Theory & Policy*, Pearson International, 2017.
5. Obstfeld Maurice and Kenneth S. Rogoff. *Foundation of International Macroeconomics*, MIT Press, 1996.

**Grade:**

Final Exam: Economics and Public Economics Masters Students.

Research Paper: East European Studies/Political Science/IR Masters Students.

**Week 1: The Balance of Payments-The European Experience**

- Harms, Ch. 1 and 2.

**Week 2: Intertemporal Trade I**

- Harms, Ch. 3.
- Obstfeld and Rogoff, Ch. 1.

**Week 3: Intertemporal Trade II**

- Harms, Ch. 4.
- Krugman, Obstfeld and Melitz, Ch. 1a.

**Week 4: International Capital Flows & Economic Growth in the European Union**

- Harms, Ch. 5.
- Krugman, Obstfeld and Melitz, Ch. 1b.

**Week 5: Intertemporal Solvency & European Debt Crises**

- Harms, Ch. 6.
- Obstfeld and Rogoff, Ch. 2.
- Krugman, Obstfeld and Melitz, Ch. 2.

**Week 6: The Real Exchange Rate**

- Harms, Ch. 7.
- Obstfeld and Rogoff, Ch. 4.

**Week 7: The Nominal Exchange Rate**

- Harms, Ch. 8.

**Week 8: The Mundell-Fleming Model**

- Harms, Ch. 9.
- Obstfeld and Rogoff, Ch. 9.

**Week 9: International and European Capital Markets**

- Obstfeld and Rogoff, Ch. 6.

**Week 10: Global Linkages**

- Obstfeld and Rogoff, Ch. 7.

**Week 11: European Monetary Policy Transmission I**

- Obstfeld and Rogoff, Ch. 10.

### **Week 12: European Monetary Policy Transmission II**

- Buch, Bussiere, Goldberg and Hills, The International Transmission of Monetary Policy, NBER working paper 24454.

### **Week 13 Exchange Rate Regimes, International Financial Architecture & European Monetary Crises**

- Harms, Ch. 10.
- Eichengreen, International Currencies in the Lens of History, Springer, 2020.

### **Week 14: Hall of Mirrors I: From the United States to the European Union**

- Eichengreen, Parts 1 and 2.

### **Week 15: Hall of Mirrors II: The European Financial & Economic Crisis**

- Eichengreen, Parts 3 and 4.

### **Week 16: In Defense of Public Debt**

- Eichengreen, All Book.