

GEORGE WASHINGTON UNIVERSITY

Econ 280, Spring 2000

Graciela L. Kaminsky

Office Hours: Tuesday 6:00-8:00 pm Fungler Hall 615

Office Phone: (202) 994-6686

e-mail: graciela@gwu.edu

Syllabus

I. Course Description

The first part of the course emphasizes macroeconomic issues and policies in an open-economy setting. It begins with the analysis of flexible and fixed exchange rate regimes using an asset-market based model of exchange rate determination. Using this model as the centerpiece, we then examine a variety of topics in international finance, such as capital inflows and currency crises. The second part of the course emphasizes international trade issues. It begins with the analysis of models of international trade and continues with the application of trade theory to the analysis of government policies toward trade.

II. Reading Material

Paul Krugman and Maurice Obstfeld, *International Economics: Theory and Policy*, Harper Collins College Publishers, 5th. edition, 2000.

Wall Street Journal.

Other various readings.

III. Examinations and Make-up Class

Midterm: March 1, 2000

Final: During Exam: May 9

IV. Problem Sets and Paper

There will be 4 problem sets, two before the midterm and the r

papers during the last class. The presentations should be coordinated across groups. I will hand out a note to help you with the presentations.

V. Basis of Grades

The course grade will be based on: the midterm (30%), the final exam (40%), the paper (20%), and class participation (10%)

Reading List

I. Definitions

K&O Chapters 12 and 13.

II. Floating Exchange Rates

K&O Chapters 13 and 14

III. Fixed Exchange Rates

K&O Chapter 17, selected pages.

IV. Capital Flows and Financial Crises.

Kaminsky, G. and C. Reinhart, "The Twin Crises: The Causes of Banking and Balance-of-Payments Problems," *American Economic Review*, June 1999.

Calvo, G., L. Leiderman, and C. Reinhart, "Inflows of Capital to Developing Countries in the 1990s," *Journal of Economic Perspectives*, Vol. 10, No.2, Spring 1996.

Readings on the Asian Crises from *International Capital Markets, Developments, Prospects, and Key Policy Issues*, International Monetary Fund, 1997-1999.

VI Models of Trade

K&O Chapter 2.

VI. International Trade Policy

K&O Chapter 8, selected pages.