Syllabus

I. Course Description

The program of this course emphasizes macroeconomic issues and policies in an open-economy setting. It begins with the analysis of national income accounts and the balance of payments. It continues with the analysis of flexible exchange rate regimes and the effects of fiscal and monetary policies on the exchange rate and economic activity. Afterwards, it examines fixed exchange rate regimes. It concludes with a variety of topics in international finance, such as currency and debt crises, international capital flow volatility, and the history of the international monetary system.

II. Required Reading Material


III. Important Dates

Midterm: Tuesday, March 5, 2013
Final: Tuesday, April 30, 2013

IV. Problem Sets and Exchange-Rate Reports

There will be 4 problem sets, two before the midterm and the rest before the final. While problem sets are not required, it is advisable for students to do the problem sets so as to be prepared for the exams. There will also be 4 reports on exchange rates based on readings from the Wall Street Journal. These reports will be group reports and will be graded.

V. Basis of Grades

The course grade will be based on: the midterm (35%), the final exam (45%), and exchange-rate reports (20%).
Reading List

I. Definitions: National Income Accounting and the Balance of Payments (1 Class)

K&O Chapter 13

II. Floating Exchange Rates (8 Classes)

K&O Chapter 14 (1-1/2 Classes)

K&O Chapter 15 (3-1/2 Classes)


K&O Chapter 17 (2-1/2 Classes)

III. Fixed Exchange Rates (2 Classes)

K&O Chapter 18


IV. Fixed versus Flexible Exchange Rates and History of the International Monetary System (2 Classes)

K&O Chapters 19-20

Note: Various articles on current topics will be assigned during the semester and will be required reading for the exams. The material for the midterm includes K&O chapters 13-15 and the King article. The rest of the material will be covered after the midterm. The final exam includes all the material discussed in the course.