

## **International Monetary Economics**

Economics 842

Section: G100

Term: 2011 Spring

Instructor: K. Kasa

Discussion Topics:

This course provides an overview of most of the core topics in international finance and open-economy macroeconomics. Among the topics covered are: (1) Theories of exchange rate determination, (2) Theories of the current account and international capital flows, (3) Open-economy business cycle models, and (4) Theories of financial crises and speculative attacks. Although the focus will be on theory, students are expected to understand modern econometric methods. Also, there will be some discussion of recent policy debates, e.g., optimal exchange rate policy, and the gains from international financial integration.

There are three major omissions from the course. First, not much attention will be devoted to the huge recent literature on open-economy New Keynesian models. Obstfeld and Rogoffs Redux model will be discussed, but that's about it. Second, we won't have time to discuss the recent literature attempting to integrate classical trade theory with open-economy macro, i.e., all the models in this course will have exogenous trade structures. Third, most of the course will focus on developed economies. Growth, international technology diffusion, political economy considerations, etc., will either be ignored or assumed exogenous.

Grading:

Assignments:

Three or four problem sets will be assigned. Students are welcomed (in fact, encouraged) to work in groups, but everyone is expected to turn in their own copy (in their own words!). Students will also be asked to write a 10-20 page term paper, due at the end of the course.

Grading:

The course grade will be based on a final exam (30%), a midterm exam (30%), class assignments (20%), and a term paper (20%).

Required Texts: Maurice Obstfeld and Kenneth Rogoff, Foundations of International Macroeconomics, 1st Edition, MIT Press, 1996.

Recommended Texts:

Nelson C. Mark, International Macroeconomics and Finance, Blackwell Publishers, 2001.

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Materials/Supplies:

Prerequisite/Corequisite:

Notes:

Students requiring accommodations as a result of a disability must contact the Centre for Students with Disabilities at 778-782-3112 or [csdo@sfu.ca](mailto:csdo@sfu.ca)

All students are expected to read and understand SFUs policies with regard to academic dishonesty (S 10.02 and S 10.03).

These policies are available at the following web addresses:

<http://www.sfu.ca/policies/files/Students/S10.02.pdf>

and <http://www.sfu.ca/policies/files/Students/S10.03.pdf>

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