

Economics 461. International Monetary Economics

August 24, 2004

Office Hours

- Tuesday 9:00-10:00, Thursday 10:00-11:00;
- Saunders 513, 956-7285, email: gangnes@hawaii.edu
- Web site: <http://www2.hawaii.edu/~gangnes/461main.htm>

Prerequisite

Economics 300. Intermediate Economics: Macro Analysis

Course Content

Economics 461 studies the macro side of international economics. Topics include the cause and effect of current account deficits and surpluses, the theory of exchange rates and their relationship to national income and international competitiveness, the role of government policy under fixed and flexible exchange rates, the problem of coordinating policies in an integrated world economy, and the causes and consequences of balance of payments crises.

Readings

The required text for this course is:

- P. Krugman and M. Obstfeld, *International Economics: Theory and Policy*, 6th ed., Addison-Wesley, 2003.

I will also assign a number of supplementary readings for class discussion. You are responsible for all assigned textbook readings, supplementary readings, and the content of my lectures.

I also strongly encourage you to keep abreast of news in the area by reading the business section of a good general newspaper or *The Wall Street Journal*, on a regular basis.

Course Requirements and Grading

Grades for the course will be based on two midterm exams (30%), one comprehensive final exam (30%), a group project (20%), and class participation (20%). Plus/minus grades will be awarded in this course.

Exams:

Two midterm exams and the final exam **must** be taken at the dates and times given in the schedule below. Except for medical emergency, I will not schedule makeup exams. Please be sure that you will be able to take the exams before continuing with this course.

Group Project:

In teams of 3-5 students, you will complete a group research project. Each project report must be submitted on or before the day of presentation and should not exceed 15 double-spaced one-sided pages in length (inclusive of tables, footnotes and references). The font size should be 12 or higher. Each project presentation should take 20-25 minutes. I will give you a list of assigned projects during the second week of class.

Class Participation and Attendance

Active participation helps to deepen understanding of course material. To facilitate this, I organize class in an informal lecture and discussion format, and I expect you to participate. You will be evaluated on your class attendance, your preparation, and your contribution to class discussions and periodic in-class group assignments.

Please be prepared for class. Read handouts and textbook chapters **before** I lecture on the material. Do not miss class.

A range of participation grades will be awarded, and it is possible to earn a failing grade on participation if you fail to make a positive impression.

Academic Integrity

The University has strict standards on academic honesty and severe penalties for dishonesty. Please review carefully this page on [honesty](#) and the language in the University Catalogue.

Students with Disabilities

If you feel you need reasonable accommodations because of the impact of a disability, please (1) contact the KOKUA Program (V/T) at 956-7511 or 956-7612 in room 013 of the QLCSS, and (2) speak with me privately to discuss your specific needs. I will be happy to work with you and the KOKUA Program to meet your access needs related to your documented disability.

Course Schedule

The following is a plan for the course, showing exam dates (firm) and a lecture schedule and presentation dates (tentative).

Date	Begin Discussing:	Exams/ Presentations	Text Chapters
August 24	Course Overview		
26	National Income Accounting and the Balance of Payments		12
31	The Foreign Exchange Market		13
September 2			
7	Money and the Exchange Rate		14
9			
14	Prices and Long-run Exchange Rates		15
16			
21			
23		<i>1st MIDTERM EXAM</i>	
28	Output Determination		16
30	Under Flexible Exchange Rates		
October 5			

	7		Pres. 1 & 2	
	12			
	14			
	19	Fixed Exchange Rate Systems		17, 18
	21			
	26		Pres. 3 & 4	
	28		Pres. 5	
November	2	<i>Election Day -- No Class</i>		
	4		<i>2nd MIDTERM EXAM</i>	
	9	Policy under Flexible Rates and Current Issues		19
	11	<i>Veterans' Day -- No Class</i>		
	16			
	18	Monetary Union		20
	23		Pres. 6 & 7	
	25	<i>Thanksgiving Day -- No Class</i>		
	30	Developing Economy Issues		22
December	2			
	7		Pres. 8 & 9	
	9	Last Day of Class	Pres. 10	

Final Exam: Thursday, December 16, 12:00-2:00 pm