Economics 662 – Fall 2011
International Macroeconomics
Course website: http://www2.hawaii.edu/~noy/662.html

Time and Place: TTR 11:30-12:45; BUSAD D203

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Email is by far the best way to contact me for any reason. In case the UH email system is down, you can email me at: ilannoy@yahoo.com

Learning Objectives
The study of international economics is usually divided into two parts: trade (micro-analysis) and finance (monetary/open macroeconomics). We define the field and introduce the major concepts of macroeconomics as they relate to open economies (output, exchange rates, etc.). We then develop intertemporal models that help us evaluate policies that affect the determination of output, unemployment, price levels, and exchange rates. We continue with a survey of selected topics in international finance based on the class and the instructor’s interests and preferences. Throughout, we also analyze the current state of the empirical literature. At the end of this course, students should be able to initiate their own research projects in the field of international macro.

Lectures should only be considered a supplement to the readings. The lectures are designed to cover the most fundamental issues and provide a foundation for the readings. The exam may include topics covered by the required readings that were not dealt with in class (required readings are indicated by an asterisk).

Readings
Required Texts
Carment Reinhart and Kenneth Rogoff. This Time is Different (Princeton, NJ, Princeton UP, 2009).
**Class Requirements**

**A. Presentations**
Each student will present 3 papers chosen by the instructor (from the reading list). The presentation should include the main arguments and ideas of the paper, the methodology, a technical description of results and your own critique. A presentation should last about 30 minutes. If you want, your presentation can be posted online ahead of time.

**B. Exam**
A take-home exam will cover the first part of the course (date: TBA).

**C. Final paper**
The final paper will discuss a topic of your choice. It will describe the major contributions on the topic, the current state of the literature, and will propose in detail at least one possible extension/addition to that literature. The paper will be presented during the last week of class in the department’s Graduate Research Conference.

**Grading**
- Presentations 30%
- Midterm exam 10%
- Referee report 10%
- Final paper 30%
- Attendance & participation 20%
Grades awarded will include +/- notation

**Disability Needs**
If you feel you need reasonable accommodations because of the impact of a disability, please, (1) contact the KOKUA program at 956-7511 or 956-7612 (rm. 013 at QLCSS) and (2) discuss with me any specific needs related to your documented disability.
1. THE INTERTEMPORAL APPROACH TO THE CURRENT ACCOUNT
*OR, sections 1.1-1.5, 2.1-2.3, 2.5.


*Nason, James M. and John H. Rogers, 2006. The present-value model of the current account has been rejected: Round up the usual suspects. Journal of International Economics 68, 159–187.


2. EXCHANGE RATES AND PRICES
*OR, sections 4.2, 4.5, 5.1, 5.2, 5.3.


3. THE NEW (NEO-KEYNESIAN) OPEN ECONOMY MODELS – AN INTRODUCTION
*OR, sections 8.2, 9.2-9.3, 10.1-10.2.


4. BALANCE OF PAYMENTS CRISES - THEORY


5. FINANCIAL CRISSES - EMPIRICS


6. **THE TRILEMA**


7. **INTERNATIONAL MACRO AND LARGE DISASTERS**
8. ELECTIVES
   A. Open-Economy Monetary Policy
   B. Currency Unions
   C. Exchange Rate Regimes
   D. Sovereign risk and Foreign Debt
   E. Foreign Direct Investment (FDI)
   F. Dollarization
   G. Official foreign Exchange Intervention
   H. History of the International Financial System
   I. Capital Flows and Capital Controls