

Economics 461 – Spring 2005

International Monetary Economics

Course website: <http://www2.hawaii.edu/~noy>

MWF 9:30-10:20 (TBA)

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Office hours: Monday and Wednesday 10:30-12:00pm, or by appointment.

Email is by far the best way to contact me for appointments, emergencies, questions, or clarifications.

Course Description

The study of international economics is usually divided into two parts: trade (micro-analysis) and finance (monetary macroeconomics). This course studies the latter. We start by introducing the major concepts of macroeconomics as they relate to open economies (output, exchange rates, etc.). We then develop models that help us evaluate policies that affect the determination of output, unemployment, price levels, and exchange rates for economies that are integrated within a global economy. After developing the theory, we will apply our insights to analyze historical developments from the last century as well as current problems that face governments, international organizations and citizens-voters everywhere.

Text: *International Economics: Theory and Policy*, Krugman and Obstfeld. 6th edition.

Grading

Exam	50%
Writing assignments \ Problem sets	25%
Class presentation	15%
Attendance and participation	10%

Grades awarded will include +/- notation

Exams

The exam will cover material from lectures, problem sets and the textbook.

Exam: TBA

Short writing assignments

Your textbook purchase includes a 12 weeks subscription to the *Economist* magazine. Occasionally, you will be required to hand in a short written assignments based on an article from the *Economist* (of your choice).

Problem Sets

There will be two problem sets during the first part of the course. Problem sets have to be handed in not later than the *beginning* of lecture the day they are due. No late problem sets will be accepted but for *very unusual* circumstances. An answer key will be posted on the web for each problem set after its due date. Due dates will be announced in class and online.

Presentation

Every student, alone or with a group (of up to three students) will be required to present a 20 minutes presentation on a topic of her choice (a list of possible topics will be provided but any other topic related to the course will be acceptable subject to my permission). Most topics will be historical in nature and will require some research on an historical episode and an application of the theory we learned in class. The presentations will be done during the month of April.

Tentative Schedule of Readings in Krugman and Obstfeld:

Precise reading assignments will be announced ahead of time in class and online.

Chapters

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| 1 | Introduction |
| 12 | Accounting |
| 13 | Exchange rates |
| 14 | Money, prices, and the exchange rate |
| 15 | Prices and the exchange rate in the long run |
| 16 | Fluctuations in the short run |
| 17 | Fixed exchange rates |
| 18 | Historical overview of the monetary system (1870-1973) |
| 19 | Post Bretton-Woods monetary arrangements |
| 20 | Optimal currency areas |
| 21-22 | Current policy problems |

Suggestions

Make use of my office hours. I will always respond to emails containing specific questions. Attempting to study just before the exam is likely to result in failure. You will receive a practice exam and should use that as your study-guide.