Economics 662 – Fall 2004
International Monetary Economics
Course website: http://www2.hawaii.edu/~noy/662.html

Tuesday-Thursday 1:30-2:45 (Webster 103)

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Office hours: Tuesday and Thursday 10:30-12:00, 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/open macroeconomics). This course studies the latter. We first 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 number 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.

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 Textbook
[Available on reserve at Sinclair library.]

Optional Book
[Available on reserve at Sinclair library.]
**Class Requirements**

**A. Presentations**
Each student will present at least two papers (from the reading list). The presentation should include both the main arguments and ideas of the paper, the methodology used, a technical description of results and your own critique. This information should also be included in a handout provided to the class before the lecture. A presentation should last about 30-45 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. You will have 24 hours to do the exam (date: TBA)

**C. Final paper**
The final paper will discuss a topic of your choice (out of the topics we choose in the latter half of the course). It will describe the major contributions on the topic, the current state of the literature, and will propose at least one possible extension/addition to that literature.

**Grading**

<table>
<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Exam</td>
<td>30%</td>
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<tr>
<td>Final Paper</td>
<td>30%</td>
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<tr>
<td>Presentations</td>
<td>30% (15% each)</td>
</tr>
<tr>
<td>Participation</td>
<td>10%</td>
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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.
THIS IS NOT A FINAL READING LIST! I WILL UPDATE THIS LIST AS WE PROGRESS.

1. THE INTERTEMPORAL APPROACH TO THE CURRENT ACCOUNT
   *OR, Chapters 1-2.
   .


2. NON-TRADED GOODS AND THE REAL EXCHANGE RATE
   *OR, Chapter 4.


3. FISCAL POLICY IN THE OPEN ECONOMY
   *OR, Chapter 3.


4. MONEY AND THE OPEN ECONOMY
   *OR, chapters 9-10


5. BALANCE OF PAYMENTS CRISSES - THEORY


6. MISCELLENOUS TOPICS IN INTERNATIONAL MACROECONOMICS


*Lewis, K.K. “Puzzles in international financial markets" in GR.


**ELECTIVE TOPICS**

**Currency Unions**


**Exchange Rate Regimes**


Fischer, Stanley “The bi-polar view”


**Balance Of Payments and Banking Crises - Empirics**


**The New International Financial Architecture**


**Sovereign risk and financial integration**

OR page 349-388, 407-17, 419-22


Eaton and Raquel Fernandez (1995), GR chapter XX.


**Dollarization**


**History of the International Financial System**


**More on Exchange Rates**

OR. Chapter 5


