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 everywhere.


Grading
- Final 30%
- Midterm 30%
- Problem sets 30% (10% each)
- Attendance and participation 10%

Exams
Exams will cover material from lectures, problem sets and the textbook. Exams are not cumulative.

**MIDTERM:** in class Friday, March 5th
**FINAL EXAM:** See schedule of classes
Problem Sets
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 (and only once). An answer key will be posted on the web for each problem set after its due date.

*Problem sets will be due on Fridays. Due dates will be announced in class and online.*

**Tentative Schedule of Readings** in Krugman and Obstfeld:  
*Precise reading assignments will be announced ahead of time in class and online.*

**Chapters**

1. Introduction  
2. Comparative advantage (pp. 10-26)  
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**

This course will not be difficult if you read the assigned readings, attend lectures, and do the problem sets. Make use of my office hours. I will always respond to emails containing specific questions about the material discussed or the problem sets. Attempting to study just before exams is likely to result in failure. You will receive practice exams before both the midterm and the final and should use those as your study-guides.