

## International Monetary Economics (Course # 3161)

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Office hours: Mon 12:00-13:00 or by appointment

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Course description: The course uses a dynamic, general equilibrium framework to study several key issues in the area of international macroeconomics. The topics include the determination of the current account and the real exchange rate, sovereign debt, theories of exchange rate determination, the operation and properties of alternative exchange rate regimes, financial markets and asset prices.

Evaluation: The grade will be determined by a final exam (90 minutes).

Suggested textbook: We will rely heavily on material from two texts: "Open Economy Macroeconomics', by Martin Uribe and Stephanie Schmitt-Grohe (U-SG); it can be downloaded for free from Martin's site the site, [http://www.columbia.edu/~mu2166/lecture\\_notes.html](http://www.columbia.edu/~mu2166/lecture_notes.html). The other text is by Obstfeld, M. and K. Rogoff, 1996, "Foundations of International Macroeconomics" (FIM), MIT Press. Copies of the book are available at the VWI library.

Useful reading: Obstfeld M. and K. Rogoff, The Six Major Puzzles in International Macroeconomics: Is There a Common Cause?, NBER wp 7777 (also at <http://escholarship.org/uc/item/0sx02651>)

Class notes and exercises: You can find the class notes (slides, exercises, etc.) on ILIAS and on <http://www.harrisdellas.net/teaching.html>. The schedule might change on short notice. Please check the latest version of the syllabus to make sure that a class takes place.

### Topics and Reading List

#### 1) An Open Endowment Economy

U-SG, ch. 2  
Obstfeld and Rogoff, FIM, ch. 1.1-1.3, 2.1-2.3.3  
Class notes

#### 2) An Open Economy with Capital

U-SG, ch. 3  
Obstfeld and Rogoff, FIM, ch. 2.3.4.  
Class notes

### **3) The Real Exchange Rate and the Terms of Trade**

U-SG, ch., ch. 7

Obstfeld and Rogoff, FIM, ch. 4.1-4.2.

Class notes

### **4) International Capital Mobility, International Financial Markets, Sovereign Debt**

Obstfeld and Rogoff, FIM, ch 5.

Obstfeld, M., 2007, International Risk Sharing and the Costs of Trade,

[http://www.econ.berkeley.edu/~obstfeld/Ohlin\\_show.pdf](http://www.econ.berkeley.edu/~obstfeld/Ohlin_show.pdf)

Obstfeld and Rogoff, 2006, FIM, ch 6

U-SG, ch. 10-11

### **5) A Monetary, open economy model**

Obstfeld and Rogoff, FIM, ch. 8-9

### **6) Exchange Rate Regimes (if time permits)**

Clerc, O., H. Dellas and O. Loisel, 2011, To Be or Not to Be in Monetary Union, Journal of International Economics, 83 (2), 154--167 (also available at <http://harrisdellas.net/research.html>)

### **Schedule**

Feb: 20, 21, 27, 28

March: 3, 6, 7, 13, 14, 20, 21, 28

Apr: 4, 7, 10, 11, 24, 25

May: 1, 2, 8, 9, 12, 15, 16

Red indicates a Friday class (2-5pm). All other classes are on Mon 10-12 and Tues 10-12. The only valid schedule in terms of dates is the one you can find in the latest syllabus. Consult KSL for the room number.