

International Finance and Open Economy Macroeconomics (Postgraduate)

ECO-ISS213

Course Description

This class addresses the following main topics: exchange rate determination in open economy models, failures of the law of one price and pricing to market, international business cycles transmission in general equilibrium models, exporter dynamics, short and long run adjustments of trade flows, determinants of international capital flows and multinational production.

Required Texts

Principles of International Finance and Open Economy Macroeconomics, 1st Edition by Cristina Terra

Other Reading materials will be provided through your student center

Prerequisite

Postgraduate status needed. Contact your academic advisor for enrollment if you are a non-degree seeking student.

Course Requirements

Course Component	Weight
Midterm Exam	30%
Final Exam	40%
Homework Assignments	20%
Class Participation	10%

Learning Outcomes

Upon the completion of this course, the students are expected to be able to:

- Describe and apply theories relating to the economy's capital structure and international capital flows, and those relating to international macroeconomic coordination and globalization
- Explain how monetary and exchange rate regimes influence international economic coordination
- Describe the monetary system and its consequences for monetary stability
- Use capital-based macroeconomic theory in an open economy with international capital flows
- Show how monetary and exchange rate regimes influence macroeconomic coordination in an international context with increasingly complex international division of labor
- Apply advanced capital-based macroeconomic theory to compare historical international monetary and exchange rate regimes to draw general lessons for macroeconomic stability
- Approach statements based on theory in a critical and analytical manner
- Appraise and relate to how theoretical perspectives and model selection have an impact on the scientific study of monetary and exchange rate regimes, international capital flows, and macroeconomic stability with increasingly complex international division of labor

Evaluation and Grading

A	93-100	B-	80-82	D+	67-69
A-	90-92	C+	77-79	D	63-66
B+	87-89	C	73-76	D-	60-62
B	83-86	C-	70-72	F	0-59

Course Hours

The course has 20 class sessions in total. Each class session is 150 minutes in length, for a total of 3000 minutes of in-class time. Students are expected to spend 15-20 hours per week outside of class. The University awards 4 credits for this course. Different universities may count course credits differently. Consult officials at your own home institution.

Attendance

Occasionally, due to illness or other unavoidable circumstance, a student may need to miss a class. The University's policy requires a medical certificate to be excused. Any absence may impact on the student's grade. Moreover, **the University's policy is that a student who has more than 3 absences will fail the course. Arriving late or leaving early will count as a partial absence.**

Academic Honesty

The University expects all students to do their own work. Instructors will fail assignments that show evidence of plagiarism or other forms of cheating and will also report the student's name to the University administration. A student reported to the University for cheating is placed on disciplinary probation; a student reported twice is suspended or expelled.

Disability Accommodation

Any student who needs special accommodation due to the impact of disability should inform the University within 10 days before the program starts.

Tentative Schedule

Class	Contents	Readings
1	• Introduction to the course	Chapter 1
2	• How to Measure International Transactions	Chapter 2
3	• How to Measure International Transactions	Chapter 2
4	• The Foreign Exchange Market	Chapter 3
5	• The Foreign Exchange Market	Chapter 3
6	• What Is the Optimum Current-Account Level?	Chapter 4
7	• What Is the Optimum Current-Account Level?	Chapter 4
8	• The Equilibrium Real Exchange Rate	Chapter 5
9	• The Equilibrium Real Exchange Rate	Chapter 5
	Midterm	Chapter 1-5
10	• Money and Exchange Rate in the Long Run	Chapter 6
11	• Money and Exchange Rate in the Long Run	Chapter 6
12	• Macroeconomic Policies and Exchange Rate in the Short Run	Chapter 7
13	• Macroeconomic Policies and Exchange Rate in the Short Run	Chapter 7
14	• Portfolio Diversification and Capital Flows	Chapter 8
15	• Portfolio Diversification and Capital Flows	Chapter 8
16	• Currency Crises	Chapter 9
17	• Currency Crises	Chapter 9
18	• Exchange Rate Regimes	Chapter 10
19	• Exchange Rate Regimes	Chapter 10

20	<ul style="list-style-type: none">Political Economy of Exchange Rate Policy	Chapter 11
	Final Exam	Chapter 1-11