Syllabus: Fall 2013

Course Description: This course is an introduction to the field of economics known as International Macroeconomics and Finance. It broadly deals with the monetary aspects of international economics. We will address a wide range of topics, including: foreign exchange rates, international capital movements, the benefits and costs of financial globalization, economic policy in an open economy, exchange rate regimes, and monetary union. We will naturally focus on the causes and consequence of financial crises, keeping an international perspective.

We will discuss real-world events, but it is important to remember that this is a course in economic theory. Problem sets and examinations will emphasize the application of theory learned in class to particular situations.

Textbook: “International Macroeconomics, 2nd Edition” by Feenstra and Taylor. We will cover the entire textbook, more or less in order. Please see below for a more detailed description.

This textbook is comprised of chapters 12-22 of “International Economics, 2nd Edition” by Feenstra and Taylor (note the slight difference in titles.) There is a paperback edition, an e-book version, and a loose-leaf version. Please purchase the version which suits you best. There are also copies for rent at the BC bookstore.

Prerequisites: Intermediate macro (202, 204 or equivalent).

Requirements: A final exam (Dec. 21th, 50%), a midterm exam (Oct. 22th, 20%), weekly problem sets (15%), class presentation (10%), class participation (5%).
**Detailed Course Structure:**

Week 1: Introduction to exchange rates (chapter 2)
Week 2: Exchange rate determination in the long run (chapter 3)
Week 3: Exchange rates in the short run; a unifying framework (chapter 4)
Week 4: The carry trade; the real exchange rate (chapter 11.1 – 11.2)
Week 5: Balance of Payment accounts (chapter 5)
Week 6: Gains from open financial markets (chapter 6)
Midterm Exam
Week 7: International macro in the short run (chapter 7)
Week 8: Exchange rate regimes, past and present (chapter 8)
Week 9: Financial crises I: currency crises (chapter 9)
Week 10: Monetary union: the European experience (chapter 10)
Week 11: Financial crises II: sovereign default (chapter 11.3)
Week 12: Financial crises III: global imbalances and banking crises (chapter 11.4, extra readings TBD)
Final Exam

**Additional Resources:**

**Books:**


Websites:

International Monetary Fund: www.imf.org. This is the premier internet source for international macroeconomic data. Their annual World Economic Outlook is very widely read.
The Economist: www.economist.com. Lots of their excellent current stories and opinion are free.
The Financial Times: www.ft.com. They are especially strong on international finance topics, with frequently excellent reporting and analysis.