Syllabus

I. Course Description

This course focuses on macroeconomic issues and policies in open economies. It begins with a review of a traditional model of an open economy under different exchange rate regimes. It continues with the study of some of the most relevant topics in international finance, such as, determinants of international capital flows, currency crises, financial contagion, current account sustainability and the real exchange rate, and macropolices in emerging markets and mature economies. Based on this discussion, the course ends by revisiting the debate of fixed versus flexible exchange rate regimes. At this time, special attention is dedicated to the debate about dollarization and currency unions.

II. Examinations

Midterm: October 24, 2005

Final: December 19, 2005

III. Problem Sets

There will be 4 problem sets, two before the midterm and the rest before the final. While problem sets are not required, it is advisable for students to do the problem sets so as to be prepared for the exams.

IV. Basis of Grades

The course grade will be based on: the midterm (35%), the final exam (45%), and class participation (20%).
Reading List

I. Fixed and Floating Exchange Rate Regimes: A Review


II. International Capital Flows


III. Currency Crises


IV. Contagion


V. Capital Controls


VI. Fiscal and Monetary Policies


VII. Purchasing Power Parity and Real Exchange Rate Fluctuations


VIII. Current Account Sustainability


**IX. Fixed Versus Floating Once More**


