

## Econ 8626/4620: International Monetary Economics

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At no time in history has the internationalization of financial markets and the effect of international factors across nations been more pronounced or significant to the economic growth of industrialized, as well as developing nations, than today. This course is designed to introduce students to topic areas in International Macroeconomics and International Finance. We will examine the mechanisms of the foreign exchange market, and how exchange rates are determined in the short-run as well as in the long-run. We will investigate the different exchange rate regimes around the world, including fixed exchange rates, floating exchange rates, crawling pegs, and other arrangements. We will examine the European Union and ask whether such a system is economically viable. This is especially important in the current economic environment facing Europe. We will also examine exchange rate crises over history, and examine how they all have common elements. Major economic events of the twentieth century, and in particular the last 45 years, are employed in these endeavors. In the end the student understand the workings and interrelationships of world economies and financial markets. The course will cover the following topics.

1. The Global Macroeconomy
2. Introduction to Exchange Rates and the Foreign Exchange Market  
and Mathematics of the Foreign Exchange Market and Parity Conditions
3. Exchange Rates I: The Monetary Approach in the Long-run
4. Exchange Rates II: The Asset Approach in the Short-run
5. National and International Accounts
6. Balance of Payments II: Output, Exchange Rates in the Short-run
7. Mundell-Fleming Model
8. Fixed Versus Floating Exchange Rates
9. The Development of a Short-run and Long-run Model with comparative statics
10. Exchange Rate Crises
11. The Euro
12. Topics in International Macroeconomics