COURSE OBJECTIVES

This is a course on Open Economy Macroeconomics and the International Monetary System. We will begin by looking at the actual functioning and historical evolution of the international financial markets and then go on to address both mainstream and heterodox approaches (including post Keynesian and structuralist theories) theory. The final segment of the course will address certain policy issues, in particular capital flows and financial crisis and the global imbalances in the world economy.

EXPECTATIONS AND GRADING

You are expected to complete the reading assignments by the week assigned to ensure productive engagement. The course will be conducted as a mix of lecture and seminar and

Grading will be as follows

Midterm Exam: 30% (Take home exam due on)
Final Exam: 30 % (During final Exam Week )
Paper: 30%

Each student is expected to write a 10-15 page paper on a topic of their choice that is pertinent to international finance and open economy macroeconomic. Make an appointment with me before fall break to discuss your paper topics. The last two weeks of class are reserved for short in-class presentations of your papers. The final paper is due on Dec 12

Presentations: 10 %

Each student will sign up for presentations based on specific readings from the syllabus. Presentations should be of about 40 minutes, following which the presenter will facilitate a discussion. Apart from this the last two weeks of class are reserved for short presentations of your final paper.

COURSE SYLLABUS AND READINGS (subject to change)

A basic textbook that you should refer to in this course is C. Paul Hallwood and Ronald Macdonald (2000) *International Money and Finance*, Blackwell Publishing.
You can also refer to Giancarlo Gandolfo (2002) *International Finance and Open Economy Macroeconomics* Springer Verlag. (Both have been ordered at the CSU bookstore)


Starred readings are required. There are some books in the readings list (particularly in the first weeks). These you can skim through to get a grasp of the main arguments and issues.

**Basic Concepts and Overview (Week 1)**

Readings:
*Hallwood & MacDonald, Ch. 1-3, 4
*Gandolfo Ch 2, 3, 5, 6
R. Blecker, *Taming Global Finance*, chap. 2

**Open Economy Macroeconomics**

Broad picture of the open economy: International transactions and the balance of payments, Mainstream and Heterodox approaches to exchange rate determination and balance of payments adjustment

**A. Balance of Payments (Week 2-3)**

Readings:
Hallwood & MacDonald, chs, 5, 8
Gandolfo, Ch 6, 10, 12

**B. Theorizing the Exchange Rates : (Week 4-5)**

Readings:
Hallwood & MacDonald, Chs. 7, 9, 11 -13
Gandolfo, Ch 12, 13, 15,


C. Neo-Kaleckian, Structuralist, and Post-Keynesian Perspectives on Growth and Income Distribution in Open Economies (Week 6-7)

Readings:


*Mid-term Exam Oct 7*

**History and Institutions**

*(Week 8-9)*

**A. The International Gold Standard**

Readings:


Hallwood & MacDonald Ch 16

**B. Bretton Woods, and after**

Readings:


Hallwood & MacDonald, Ch 17

Note: The sessions on International Gold Standard and the Post War system will be organized as group discussions. You divide into groups and each group will take responsibility for facilitating discussions around one of the three starred readings

**C. Overviews and Perspectives**


C. Reform of the International Financial System


Contemporary Issues

*International Capital Flows and the Liberalization of Capital Markets (Week 10)*

Readings:


Elements of Crises, Mainstream Models and Heterodox Views (Week 11-12)

Readings:

Hallwood and Macdonald, Ch 14

Gandolfo, Ch 16

Mainstream Models


**Heterodox Approaches and Policy Responses**


**Global Imbalances (Week 13)**

Readings:


Gray, H. P “Unequal Spending, Aggregate Demand and International Financial Stability” CESifo Forum 2005 (1)


**Presentations** (Week 14-15)

**Final Exam** (Week 16)