

Spring 2003
RN Cooper – Room 206
1033 Massachusetts Avenue
495-5076

International Monetary Economics
Economics 1530

This course addresses the monetary dimensions of national economies in the world economy and the financial relations among countries. It will deal with the balance of international payments, exchange markets and exchange rates, price and income determination in an open economy, exchange rate policy, and macroeconomic policy in an open economy. It will also address the evolution of the international monetary system, the coordination of macroeconomic policy among countries, the globalization of capital markets, financial crises, and the European monetary union.

The required text will be International Economics: Theory and Policy, 6th edition (2003) by Paul Krugman and Maurice Obstfeld. The course will cover Parts III and IV of this text, pages 294-706. These parts are divided into eleven chapters, roughly one per week. A mid-term examination will be given on March 12 on Part III (chapters 12-17) and the associated lectures and required supplementary reading (marked with *). A final examination covering the entire course will be given on May 16.

Each student will be required to write a 10-page double-spaced paper on a topic of his/her choice germane to the course. The paper will be due May 12. This paper is designed to encourage students to read more deeply on a topic of interest (see the attached bibliography for possible starting points, as well as references provided in footnotes and at chapter ends in the textbook), and to apply analytical concepts and tools covered by the course.

Bibliography of relevant works and Data Sources on International Monetary Economics

Richard N. Cooper

Selected Textbooks

*Krugman, Paul R., and Maurice Obstfeld, International Economics: Theory and Policy, 6th edition, Addison Wesley, 2003.

Caves, Richard E., Jeffrey A. Frankel, and Ronald W. Jones, World Trade and Payments, 9th edition, Addison Wesley, 2002.

Kenen, Peter B., The International Economy, 4th edition, Cambridge University Press, 2000.

Melvin, Michael, International Money and Finance, 5th edition, Harper and Row, 1997.

Selected Relevant Works by Economists

Åslund, Anders, Building Capitalism: the Transformation of the Former Soviet Bloc. New York: Cambridge University Press, 2001, chapter 6 on financial stabilization [week of K&O, chap.23]

Bergsten, C. Fred, and C. Randall Henning, Global Economic Leadership and the Group of Seven, Washington: Institute for International Economics, 1996.

Bordo, Michael D., and Barry Eichengreen, eds., A Retrospective on the Bretton Woods system, University of Chicago Press, 1993.

Bryant, Ralph C., International Coordination of National Stabilization Policies, Washington: Brookings Institution, 1995.

Calvo, Guillermo A., Morris Goldstein, and Eduard Hochreiter, Private Capital Flows to Emerging Markets after the Mexican Crisis, Washington: Institute for International Economics, 1996.

Cline, William R., International Debt Re-examined, Washington: Institute for International Economics, 1995.

Cooper, Richard N., Economic Policy in an Interdependent World, Cambridge, MA: MIT Press, 1986.

*Cooper, Richard N., Economic Stabilization and Debt in Developing Countries, Cambridge, MA: MIT Press, 1992, chap.2, pp.49-87 [week of K&O, chap. 22].

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Cooper, Richard N., "Key Currencies After the Euro," The World Economy, January 1999; revision in Mundell and Clesse.

Cooper, Richard N., "Should Capital Controls Be Banished?" Brookings Papers on Economic Activity, 1999, No.1

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Corden, W. Max, Economic Policy, Exchange Rates, and the International Monetary System, University of Chicago Press, 1994.

Corden, W. Max, Too Sensational: On the Choice of Exchange Rate Regimes, MIT Press, 2002.

DeLong, Brad, "International Financial Crises in the 1890s and the 1990s: We Remember History; Why are We Condemned to Repeat It?" Brookings Papers on Economic Activity, 1999, No.2.

Dobson, Wendy, and Gary C. Hufbauer, World Capital Markets: Challenge to the G-10, Washington: Institute for International Economics, 2001.

Dornbusch, Rudiger, "Purchasing Power Parity," in The New Palgrave Dictionary of Money and Finance, vol.3, New York: Stockton Press, 1992, pp. 236-244.

Driscoll, David D., What Is the International Monetary Fund?, IMF, 1998.

Edwards, Sebastian, Crisis and Reform in Latin America: From Despair to Hope, Oxford University Press, 1995.

Eichengreen, Barry, European Monetary Unification: Theory, Practice, and Analysis, Cambridge, MA: MIT Press, 1997.

Eichengreen, Barry, Financial Crises, and What To Do About Them, Oxford University Press, 2002.

Eichengreen, Barry, Globalizing Capital: A History of the International Monetary System, Princeton University Press, 1996.

Eichengreen, Barry, International Monetary Arrangements for the 21st Century, Washington: Brookings Institution, 1994.

Eichengreen, Barry, Toward a New International Financial Architecture: A Practical Post-Asia Agenda, Washington: Institute for International Economics, 1999.

Eichengreen, Barry, and others, Capital Account Liberalization: Theoretical and Practical Aspects, International Monetary Fund, 1998.

Emerson, Michael, and others, One Market, One Money: An Evaluation of the Potential Benefits and Costs of Forming an Economic and Monetary Union, Oxford University Press, 1992.

Frankel, Jeffrey, "No Single Currency Regime Is Right for All Countries or at All Times," Princeton Essays in International Finance, No. 215, August 1999.

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*Little, I.M.D., R. N. Cooper, W. M. Corden, and S. Rajapatirana, Boom, Crisis, and Adjustment: Macroeconomic Policy in Developing Countries, Oxford University Press, 1994, chap. 8, pp.219-263 [week of K&O, chap. 22].

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*Woo, Wing Thye, Stephen Parker, and Jeffrey D. Sachs, eds., Economies in Transition: Comparing Asia and Europe, Cambridge: MIT Press, 1997, especially chapter 9 by Sachs, pp.243-255 [week of K&O, chap. 23]

Wyplosz, Charles, "Economic and Monetary Union in Europe," Journal of Economic Perspectives, 1998.

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BIS, International Banking and Financial Market Developments, quarterly.

Bank of England, Quarterly Bulletin.

European Central Bank, Monthly Bulletin, since 1999.

Federal Reserve Board, Federal Reserve Bulletin, monthly.

German Bundesbank, Monthly Report (in English).

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International Monetary Fund (IMF), International Financial Statistics (monthly, plus an annual).

IMF, World Economic Outlook, May and October.

Organization for Economic Cooperation and Development, OECD Economic Outlook, June and December.

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United States Department of Commerce, Survey of Current Business, monthly; four articles a year on US balance of payments; one article a year each on US direct investment abroad and on foreign direct investment in the United States.

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World Bank, Global Economic Prospects and the Developing Countries, annual.

World Bank, World Development Report, annual.

World Bank, World Debt Tables, annual.

Selected Relevant Professional Journals

American Economic Review, Brookings Papers on Economic Activity, Centre for Policy Research Working Papers (UK), Economic Journal (UK), Economic Policy (Europe), International Finance, International Monetary Fund Staff Papers, Journal of International Economics, Journal of International Money and Finance, Journal of Monetary Economics, Journal of Money, Credit, and Banking, Journal of Political Economy, National Bureau of Economic Research (NBER) Working Papers, Princeton Essays in International Finance, Quarterly Journal of Economics, Review of Economics and Statistics, World Bank Review, World Bank Research Observer, World Economy.

Selected Sources of Current News

Business Week, The Economist, Euromoney, Financial Times, International Economy, Journal of Commerce, Wall Street Journal.