

Economics 4325/7325
The International Monetary System
Fall 2009

Instructor: Dr. Kwang Choe
Office: 229 Professional Building
Office Hours: 5:00 – 6:00 p.m., Monday & by appointment
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Course Outline: The International Monetary System is a part of international economics that deals with macroeconomic discipline in the open economy. It examines, among other things, how exchange rates are determined and fit together with output determination and therefore, gives an understanding of how an international financial economy operates. Particular topics covered in the course will include theories of the exchange rate, the balance of payments, and the income determination. We will also study the policy issues in the open economy as well as historical and institutional features of the international monetary system.

Texts: Paul R. Krugman, and Maurice Obstfeld, International Economics: Theory and Policy (Eighth Edition), Addison Wesley Publishers, 2009 is required. Students are also strongly encouraged to utilize the study guide (eighth edition) to accompany the text and myeconlab to reinforce their understanding of the course material.

Course Grades: Grades will be determined on the basis of two mid-term examinations, a comprehensive final exam, all in class, and homework assignments. There are NO MAKE-UP examinations and NO LATE home-works will be accepted.

First Exam (3:45 p.m. – 5:00 p.m., Wednesday, September 23)	25%
Second Exam (3:45 p.m. – 5:00 p.m., Wednesday, October 28)	25%
Final Exam (10:30 a.m. – 12:30 p.m., Tuesday, December 15)	40%
Homework	10%

(Note: We will allocate each class prior to each exam for review session)

Special Needs: Students who have special conditions as addressed by the Americans with Disabilities Act and who need any test or course materials to be furnished in an alternative format should notify the instructor immediately and contact Disability Services, 882-4696. Reasonable efforts will be made to accommodate special needs.

Academic Honesty: Examinations should reflect the student's own work without outside aid or notes of any kind. Homeworks should be done in such a manner that you should write up on your own, though a group discussion is allowed. Violations of this rule will be handled in strict accordance with University Policy.

Course Topics:

I. Introduction: Ch. 1

II. National Income Accounting and the Balance of Payments: Ch. 12

III. Exchange Rates, the Foreign Exchange Market: Ch. 13

IV. Output Determination and the Exchange Rate in the Short and Long Run: Ch. 14 - 16

V. Output Determination and the Balance of Payments under Fixed Exchange Rates: Ch.17

VI. The Evolution of the International Monetary System: Ch. 18

VII. Foreign Exchange Intervention and Policy Coordination: Ch. 17 and 19

VIII. Selected Topics:

A. The European Monetary System: Ch. 20

B. The Global Capital Market: Ch. 21

C. Crisis and Reform in Developing Countries: Ch. 22

(Note) Some materials may be added or dropped to and from the above topics as we move along. I will let you know in such cases.

Schedule:

		<u>Chapter</u>
August	24/26	1,12
Aug / September	31/2	12,13
September	9	13,14
	14/16	14,15
	21/23	Review / Exam I
	28/30	15
October	5/7	15,16
	12/14	16
	19/21	16
	26/28	Review / Exam II
November	2/4	17
	9/11	17,18
	16/18	18,19
	23/25	Thanksgiving Break
Nov / December	30/2	19, Selected Topics
	7/9	Selected Topics / Review
	15	Final Exam