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Syllabus for Economics 1530, fall 2020

International Monetary Economics

This course will address macroeconomic analysis and policy for an economy open to the rest of the world through trade and capital movements. It will cover balance of international payments, determinants of output and exchange rates in the short- and long-run, trans-border transmission of disturbances, international financial crises, European monetary cooperation and creation of the euro, history of the international monetary system, and special external problems of developing countries.

The required textbook will be *International Economics* by Paul Krugman, Marc Melitz, and Maurice Obstfeld, 11th edition, 2018, chapters 13-22. (The 10th edition, 2015, would also be satisfactory.) The course will cover roughly one chapter per week, plus some supplementary readings. There will be a mid-term examination in mid-October and a final examination in December. Also, each student will be asked to choose one of about a dozen books (designated by *) written by trained economists inspired by the financial crisis of 2007-09, and to write a 15-page analytical book review focusing on the international aspects. It will be due by the day before the end of reading period. There will also be occasional problem sets during the term.

Books for Econ1530

Capital Ideas: The IMF and the Rise of Financial Liberalization. By Jeffrey M. Chwieroth. Princeton, NJ: Princeton University Press. 2010. 311pp._

*Banking on the Future: the Fall and Rise of Central Banking. By Howard Davies and David Green. Princeton, NJ: Princeton University Press. 2010. 324pp.

*Fault Lines: How Hidden Fractures Still Threaten the World Economy. By Raghuram G. Rajan. Princeton, NJ: Princeton University Press. 2010. 246pp.

Balancing the Banks: Global Lessons from the Financial Crisis. By Mathias Dewatripont, Jean-Charles Rochet, and Jean Tirole. Princeton, NJ: Princeton University Press. 2010. 138pp.

Governing Global Finance: the Evolution and Reform of the International Financial Architecture. By Anthony Elson. New York: Palgrave Macmillan. 2011. 278pp.

**Misunderstanding Financial Crises: Why We Don't See Them Coming.* By Gary B. Gorton. New York: Oxford University Press. 2012. 278pp.

**Who Needs to Open the Capital Account?* By Olivier Jeanne, Arvind Subramanian, and John Williamson. Washington: Peterson Institute for International Economics. 2012.

The Federal Reserve and the Financial Crisis. By Ben S. Bernanke. Princeton, NJ: Princeton University Press. 2013. 134pp.

**Against the Consensus: Reflections on the Great Recession.* By Justin Yifu Lin. New York: Cambridge University Press. 2013. 247pp.

**The Map and the Territory: Risk, Human Nature, and the Future of Forecasting.* By Alan Greenspan. New York: Penguin Press. 2013. 388pp.

**The System Worked: How the World Stopped Another Great Depression.* By Daniel W. Drezner. New York: Oxford University Press. 2014. 195pp.

**The End of Normal: the Great Crisis and the Future of Growth.* By James. K. Galbraith. New York: Simon&Schuster. 2014. 291pp.

**The Shifts and the Shocks: What We Have Learned ...from the Financial Crisis.* By Martin Wolf. New York: Penguin Press. 2014.

**Other People's Money: the Real Business of Finance.* By John Kay. New York: PublicAffairs. 2015. 350pp.

**The End of Alchemy: Money, Banking, and the Future of the Global Economy.* By Mervyn King. New York: Norton. 2016. 431pp.

Collapse and Revival: Understanding Global Recessions and Recoveries. By M. Ayhan Kose and Marco E. Terrones. Washington: International Monetary Fund. 2016. 272pp. plus disk.

**Unfinished Business: the Unexplored Causes of the Financial Crisis and the Lessons Yet to Be Learned.* By Tamim Bayoumi. New Haven, CT: Yale University Press. 2017. 286pp.

The Paradox of Risk: Leaving the Monetary Policy Comfort Zone. By Angel Ubide. Washington: Peterson Institute for International Economics. 2017. 298pp.

**Unelected Power: the Quest for Legitimacy in Central Banking and the Regulatory State.* By Paul Tucker. Princeton, NJ: Princeton University Press. 2018. 584pp. [especially the parts on central banking]