

**Faculty of Liberal Arts & Professional Studies
Department of Economics
AP/ECON 4200 M – Topics in International Monetary Economics
Winter 2021**

Course instructor: Wai-Ming Ho

Email: waiming@yorku.ca

Technical requirements for taking the course:

Several platforms will be used in this course (e.g., Moodle, Zoom, etc.) through which students will interact with the course materials, the course director/TA, as well as with one another. Please review this syllabus to determine how the class meets (in whole or in part), and how office hours will be conducted.

Students shall note the following:

- Zoom is hosted on servers in the U.S. This includes recordings done through Zoom.
- If you have privacy concerns about your data, provide only your first name or a nickname when you join a session.
- The system is configured in a way that all participants are automatically notified when a session is being recorded. In other words, a session cannot be recorded without you knowing about it.

To fully participate in this course, you will need the following technological resources. For further details about each resource, please click on the resource links:

- Moodle: [Student Guide to Moodle](#) and [Frequently Asked Questions](#).
- Zoom: [Zoom@YorkU User Reference Guide](#) and [Zoom@YorkU Best Practices](#).

Times and locations: Please note that this is a course that depends on remote teaching and learning. There will be no in-person interactions or activities on campus.

Organization of the course:

The entire course, including examinations, will take place on the course's Moodle. Although we are scheduled to meet at 11:30-14:30 on Monday, this course has no live virtual meetings outside of our weekly office hours and Q&A (Questions and Answers) sessions. I will be teaching this course asynchronously; lecture notes and pre-recorded videos will be posted on the course's Moodle every Monday. You can learn the course material at your own pace, following the schedule of readings and activities. If there are any questions regarding the course material that you would like to be included in our weekly Q&A, please email me in advance.

Course webpage: <https://eclass.yorku.ca/>

Virtual office hours and Q&A sessions: via Zoom.

Office hours: Monday, 11:30 – 12:15,
please sign up on Moodle to schedule a 10-minute appointment on Zoom.

Q&A session: Monday, 12:30 – 13:30, live on Zoom.

For those who cannot attend, the session will be recorded and posted on Moodle.

Expanded course description:

Building on the key concepts in international finance and open-economy macroeconomics covered in AP/ECON 3580.03, this course discusses, at the advanced level, topics including balance of payments accounts, current account determination, real and nominal exchange rates, monetary policy under fixed and flexible exchange rates, and the main puzzles in international macroeconomics.

Pre-requisites: AP/ECON 2300 3.00, AP/ECON 2350 3.00, AP/ECON 2400 3.00,
AP/ECON 2450 3.00, and AP/ECON 3580 3.00, or equivalents.

Course objectives and learning outcomes:

The objective is to equip students with the analytical tools to understand some important issues in International Monetary Economics.

Required Course Text / Readings

Some of the required readings are from Obstfeld and Rogoff (1996).

- Obstfeld, M. and K. Rogoff, Foundations of International Macroeconomics, MIT press, 1996. (SCOTT-RESV HF 1359 O27 1996) [e-copy via York University's Library](#)

All other reading materials included in this course outline can be downloaded via the hyperlinks (you will need to sign in the York University's Library website to access some of the links).

All readings listed below are required, unless otherwise announced during the term.

I. Intertemporal Trade and Current Account Balance

- Balance of Payments Accounts
- Savings, Investment, and Current Account
- Taxation on International Borrowing and Lending

Obstfeld and Rogoff, Chapters 1.1-1.4 and 2.1-2.2

Bernanke, B.S. 2005, [The Global Saving Glut and the U.S. Current Account](#), The Homer Jones Lecture, St. Louis, Missouri, April 14, 2005.

Obstfeld, M., and K. Rogoff, 2009, "[Global Imbalances and the Financial Crisis: Products of Common Causes](#)," in the conference volume of Federal Reserve Bank of San Francisco, Asia and the Global Financial Crisis, San Francisco, p.131-172.

Lane, P.R. 2012. "[The European Sovereign Debt Crisis](#)." Journal of Economic Perspectives, 26(3): p.49-68.

II. The Real Exchange Rate and Relative Prices

- The Non-traded Goods and the Balassa-Samuelson Effect
- Commodity Terms of Trade and Real Exchange Rate
- Exchange Rate Pass-Through

Obstfeld and Rogoff, Chapter 4.1- 4.2

Berka, M., M.B. Devereux, and C. Engel, 2012, "[Real Exchange Rate Adjustment in and out of the Eurozone](#)," American Economic Review, Papers and Proceedings, 102, p.179-185.

Campa, J. and L. Goldberg. 2005. "[Exchange Rate Pass-Through into Import Prices](#)." Review of Economics and Statistics, 87 (4): 679–90.

Devereux, M.B., W. Dong, and B. Tomline, "[Exchange Rate Pass-Through, Currency of Invoicing and Market Share](#)" Bank of Canada Staff Working Paper 2015-31.

Engel, C. 2005, "[Canada's Exchange Rate: New Evidence, a Simple Model, and Policy Implications](#)," in Canada in the Global Economy: Proceedings of a Conference Held by the Bank of Canada (Bank of Canada), p.341-367.

III. Models of Nominal Exchange Rates with Microeconomic Foundations

- Nominal Exchange Rate Determination
- Monetary Policy under Alternative Exchange Rate Systems
- Current Account Imbalances and Exchange Rate Adjustments

Obstfeld and Rogoff, Chapter 8.3 and 8A.

Stockman, A.C., 1987, "[The Equilibrium Approach to Exchange Rates](#)," Federal Reserve Bank of Richmond Economic Quarterly, March/April, p.12-30.

Corsetti, G. and P. Pesenti, 2001, "[Welfare and Macroeconomic Interdependence](#)," the Quarterly Journal of Economics, vol. 116(2), p.421-445.

IV. Major Puzzles in International Macroeconomics

- Home Bias in Trade
- The Feldstein-Horioka Puzzle
- Home Bias in International Portfolio Allocations
- The Consumption Correlations Puzzle
- The Purchasing Power Parity Puzzle
- Exchange-Rate Disconnect

Obstfeld, M., and K. Rogoff, 2000, "[The Six Major Puzzles in International Macroeconomics](#)," NBER Macroeconomics Annual, Vol.15, p.339-390.

Evaluation:

Mid-term Exam: 33%, **11:30-14:30, February 22, 2021, Monday.**

Final Exam: 67 %, held during the final exam period.

Let M = your mark from the mid-term exam and F = your mark from the final exam.

Your grade will be determined by the following formula: **Total mark = Max (0.33 M + 0.67 F , F).**

- **There will be no make-up mid-term exam.** Students absent from the mid-term exam will have the weight transferred to their final exam.
- The final exam will cover all material discussed in this course. The exact date of exam will be scheduled by the Registrar's Office.
- The deferred exam for the final exam will be granted only for medical reasons. In such cases students should submit a deferred exam application together with the supporting documents (attending physician's statement) to the Department of Economics to my attention. The date and time of the deferred exam will be set at a later date. Students who may require further extensions or accommodation will have to submit a formal petition to the Faculty.
- Final course grades may be adjusted to conform to Program or Faculty grades distribution profiles.

IMPORTANT COURSE INFORMATION FOR STUDENTS

All students must read and acknowledge the [LA&PS Course Policies](#) on the course's Moodle site.

- Intellectual property notice
- Accessibility
- Policies related to Zoom meetings
- Student conduct
- Academic integrity

In addition, all students are expected to familiarize themselves with the following information, available on the Senate Committee on Academic Standards, Curriculum & Pedagogy webpage <http://secretariat.info.yorku.ca/files/CourseInformationForStudentsAugust2012.pdf>

- Senate Policy on Academic Honesty and the Academic Integrity Website
- Ethics Review Process for research involving human participants
- Course requirement accommodation for students with disabilities, including physical, medical, systemic, learning and psychiatric disabilities
- Student Conduct Standards
- Religious Observance Accommodation

Course ADD/Drop Deadlines

Last date to add a course without permission of instructor (also see Financial Deadlines)	Jan. 25, 2021
Last date to add a course with permission of instructor (also see Financial Deadlines)	Feb. 8, 2021
Last date to drop a course without receiving a grade (also see Financial Deadlines)	Mar. 12, 2021
Course Withdrawal Period (withdraw from a course and receive a grade of "W" on transcript – see note below)	Mar.13-Apr.12, 2021

Policy and Guidelines on Withdrawn from Course:

<http://secretariat-policies.info.yorku.ca/policies/withdrawn-from-course-w-policy-and-guidelines/>