

YORK UNIVERSITY
Faculty of Liberal Arts & Professional Studies
Department of Economics

AP/ECON 4200 M
Topics in International Monetary Economics

Winter 2024

1. Course Instructor/Contact:

Instructor: Arman Mansoorian

Office Hours: If you have any questions, you can email me or ask for a zoom meeting. This will be in place of office hours.

Class time: Mondays 11:30 to 2:30

Location: Health Nursing and Environmental Studies Building **HNE 001**

2. Course Description

The purpose of this course is to introduce you to some standard topics in International Monetary Economics with special emphasis on the intertemporal approach to this subject.

3. Required Textbook/Readings:

The exams will be based primarily on materials covered in class. The most relevant material will be the lecture notes, and the questions discussed in class. The following is the recommended textbook:

International Macroeconomics: A Moderns Approach, by S. Schmitt-Grohé, M. Uribe and M. Woodford (Princeton University Press, 2022).

A much more advanced textbook is by M. Obstfeld and K. Rogoff entitled *Foundations of International Macroeconomics* (MIT Press, 1996).

4. Evaluation:

There will be a midterm test on **February 26th**, from **11:30pm to 12:30pm**; and it will be in our regular lecture room. There will also be a final exam during the exam period for the term.

Both exams will be closed book.

The midterm test will be worth 40% of the mark for the course, and the Final will be worth 60%. On individual basis, if it is to your advantage, these weights will change to 30% for the midterm, and 70% for the final.

- The midterm will be one hour long and will have 20 multiple-choice questions.

- The final will be two hours. It will have 20 multiple-choice questions, and some short answer questions.

The final will be cumulative; **roughly** 7 to 10 of the multiple-choice questions in the final will be from the material before the midterm.

5. Missed Tests

There will be no make-ups for the mid-term exam. Students absent from the mid-term exam for documented reasons will have the weight transferred to their final exam. 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 economics department 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.

Please consult the following website for information regarding submitting an ECON deferred exam request:

<https://www.yorku.ca/laps/econ/undergraduate-programs/academic-resources/department-policies/deferred-standing/>

Course outline

1. Review of Some Basic Concepts: National Income Accounts and International Parity Conditions

Schmitt-Grohé, Uribe and Woodford: Chapters 1 and 9.

*Handout

2. Quantity Theory, Deficit Financing and Inflation with Fixed and Flexible Exchange Rates.

Schmitt-Grohé, Uribe and Woodford: Chapter 15.

* Handout

3. Introduction to the Intertemporal Approach to International Macroeconomics

Schmitt-Grohé, Uribe and Woodford: Chapters 3 and 5.

* Handout

4. Non-Traded Goods and the Dutch Disease

Schmitt-Grohé, Uribe and Woodford: Chapter 10.

* Handout

5. Financial Intermediaries and North-South Lending

* M. Gertler, and K. Rogoff (1990): "North-South Lending and Endogenous Domestic Market Inefficiencies." *J. of Monetary Econ.*, 245-266.

M. Obstfeld and K. Rogoff entitled *Foundations of International Macroeconomics*: pages 407-417.

* Handout

6. The Effects of Budget Deficits in Open Economies: The Overlapping Generations Model

* T. Persson (1985): "Deficits and Intergenerational Welfare in Open Economies". *J. of International Econ.*, 67-84.

* Handout

7. Innovation and Growth: The Big Push, Trade and Growth

* P. Krugman (1990): "Endogenous Innovation, International Trade and Growth". Chapter 11 of his *Rethinking International Trade*. Cambridge MA: MIT Press, 1990.

* Handout