ECON335-01 International Finance, 2020 Spring

Venue: Woodang Hall 102

Time: Monday and Wednesday 9pm-10:30pm

Lecturer: Tomoo Kikuchi, tomookikuchi@korea.ac.kr, Woodang Hall 520

For consultation, please make an appointment by email.

Textbook: *International Macroeconomics* by Stephanie Schmitt-Grohe, Martin Uribe and Michael Woodford. This text book is in preparation for Princeton University Press and is available online at http://www.columbia.edu/~mu2166/UIM/

Learning Outcomes: This course is not a course on any economy. Instead, we will study economic models to deal with conceptual (theoretical) problems that arise from the fact that an economy interacts with others. You will acquire the ability to think about economic issues logically and systematically.

Prerequisites: This course is designed for econ majors with a good understanding of intermediate micro and macroeconomics. Knowledge of mathematics used in undergraduate economics such as constraint optimization is assumed. This means you should be at least comfortable with partial as well as total differentiation of functions with multiple variables. If you need to review mathematics, following textbooks may be useful. Pick whichever works for you as a reference.

- *Fundamental Methods of Mathematical Economics* 4th Edition by Kevin Wainwright and Alpha C Chiang.
- *Mathematics for Economists* by Carl P. Simon and Lawrence E. Blume

Assessment: The grade will be based on a group presentation (20%), the mid-term exam (40%) and the final exam (40%). The final will cover only materials after the mid-term. Questions in the exams will be like those in the problem sets (1-8).

Schedule: The course will be divided into a lecture, a problem-solving session and a group presentation. The lecture will basically follow the textbook, but I may drop or add materials. We will have problem-solving sessions based on models introduced in the textbook. We will also have group presentations, in which students discuss real world examples of their own choice by using models we study in this course.

Read the relevant chapter and try to solve the problem set before you come to the lecture.

1. Mar 2, 4: Ch 1 Global Imbalances, Ch 2 Current Account Sustainability
2. Mar 9, 11: Ch 3 An Intertemporal Theory of the Current Account
3. Mar 16, 18: Ch3 (continued), Ch 4 The Terms of Trade, the Interest Rate, and the Current Account, Problem 1
4. Mar 23, 25: Ch 5 Current Account Determination in a Production Economy, Problem 2
5. Mar 30, Apr 1: Ch 5 (continued), Problem 3
6. Apr 6, 8: Ch 6 Uncertainty and the Current Account, Problem 4
7. Apr 13, 15 (Legislative Election): Review
8. **Apr 20 (Midterm Exam)**, 22 (No Lecture)
9. Apr 27, Apr 29: Ch 7 Large Open Economies
10. May 4, 6: Ch 8 The Real Exchange Rate and Purchasing Power Parity, Problem 5
11. May 11, 13: Ch 9 Determinants of the Real Exchange Rate, Problem 6
12. May 18, 20: Ch 10 International Capital Market Integration, Problem 7
13. May 25, 27: Ch 11 Capital Controls,
14. Jun 1, 3: Ch 11 (continued) Problem 8
15. Jun 8, 10: Review
16. **June 15 (Final Exam)**