

International Finance  
Econ 362  
Fall, 2022  
Christiano

## Syllabus

### 1. General Information.

- Lectures: TTh 2:00-3:20pm, Harris Hall L07.
- My office: 3455, Kellogg Global Hub; Phone: 491-8231. Email: l-christiano@northwestern.edu. Office hours: Saturdays, 10am-11:30am by [zoom](#). If i don't see anyone by 10:30am I'll close the link. I'm available for appointments at other times.
- Teaching assistant: Clement Bohr, 3470 Kellogg Global Hub. Office hours: 1:30-3pm, Friday by [zoom](#). Discussion sessions on Friday, 12-12:50pm, in Tech Institute Lecture Room 4.
- The grades will be determined as follows: homeworks, 15%; midterm, 35%; final, 50%. There are weekly homework assignments. They will be distributed on or before Wednesday of each week. They will be due by 5pm Wednesday of the following week on Canvas. The first assignment is due on September 28. Students are encouraged to do homeworks in groups of up to 4 people. Each member of the group should sign the first page of the homework, and take responsibility for all the questions.
- The midterm is on Thursday, October 27, in the lecture room. The final will occur in the lecture room, Monday December 5, 12-2pm. It will cover the material for the whole quarter.

### 2. Goals.

This course will develop a framework useful for understanding financial flows in the international economy. That framework builds on the model developed in Econ 311, intermediate macroeconomics. We can use that framework to think through the consequences of changes in domestic demand, a depreciation in the exchange rate and changes in export demand and in foreign interest rates. The huge United States current account deficit poses important questions for international financial economics. What does it mean? Why is it happening? Does it pose risks for the US and/or the world economy? Other issues of interest in international finance are what sort of monetary policy, fixed versus flexible exchange rates, or something else, is best for a country to maintain good economic performance. We will also investigate various puzzles associated with exchange rates and interest rates. For example, the former seem quite volatile and the latter are on average very high in emerging market economies.

- The textbook for the course is:  
Paul Krugman, Maurice Obstfeld, and Marc Melitz, *International Economics, Theory and Policy*, Pearson Education, 12th edition.
  - Also, handouts and other readings will be added to the course website on canvas from time to time.
3. You will get more out of this course if you read the financial press regularly. Also, there is a lot of relevant information on the Web, and I encourage you to look through it. Here is a small sampling of the economic commentary and data that are available.
- (a) Commentary - excellent general commentary is available from the *Economist* Magazine, at <http://www.economist.com/> and the *Wall Street Journal*, at <https://www.wsj.com/>.
  - (b) Data - FRED is a massive, free, very accessible, database managed by the Federal Reserve Bank of St. Louis: <https://fred.stlouisfed.org/>. The International Monetary Fund also maintains a massive, free database, <https://data.imf.org/?sk=388dfa60-1d26-4ade-b505-a05a558d9a42>. Here is a big dataset from the Bureau of Economic Analysis, <https://www.bea.gov/data/economic-accounts>.
4. We will cover chapters 13-18, and perhaps 19 in the book.