Course requirements:
There will be a midterm (counting for 40%) and a final exam (counting for 60%). I will assume that students have a basic background in Macroeconomics (course Econ. 408, for example).

Text books:

Reading list and course outline:
An asterisk indicates required material. The other material is optional and given for further reference.

I) The foreign exchange market
Rivera Batiz (RB), Ch. 1*

II) The Balance of Payments: Concepts and Accounting
RB, Ch. 4*
Dornbush, Ch. 2

III) The Keynesian System and the Foreign Trade Multiplier
RB, Ch. 5*
Dornbush, Ch. 3, 6*

IV) Asset Markets, Adjustment Mechanisms, Capital Mobility and Stabilization Policies
RB Ch. 6*, 7*
Dornbush, Ch. 10, 11

V) The Monetary Approach to the Balance of Payments
RB, Ch. 14*
VI) The Economics of Flexible Exchange Rates
RB, Ch. 8*, 9*, 15*

VII) Purchasing Power Parity Theory

VIII) The Interest Rate Parity Theory, The Forward Exchange Rate and the Efficiency of Foreign Exchange Markets.
RB 2*, 3*

IX) Inflation, Unemployment and Economic Policy in the Open Economy
RB, Ch. 10*, 11*, 12*, 13*

X) Interdependence in the World Economy
RB, Ch. 16*, 17*