Instructor: Ulrich Kohli

Location and time of lectures: Econ 13
12:00 - 12:50 MWF

Office hours: 1:00 - 2:00 WF

Assessment: 2 mid-term exams (30% each)
1 final exam (40%)

Textbook: Caves, Frankel, and Jones, World Trade and Payments, 5th ed. (Scott, Foresman/Little, Brown: Glenview, IL) 1990

Course Outline

1. Introduction
   pp. 339-341

2. The balance of payments
   pp. 341-361

3. The foreign exchange market
   pp. 361-363

4. The elasticity approach and the Marshall-Lerner condition
   pp. 363-383

5. National income and the trade account
   pp. 384-418

6. The open economy IS-LM model
   pp. 418-444 and Chapter 21

7. The monetarist model
   pp. 444-480

8. Nontraded goods
   Chapter 19

9. The forward market and interest rate parity
   Chapter 20

10. International policy coordination
    Chapter 22

11. The real exchange rate
    Chapter 23

12. The role of risk and portfolio behavior
    Chapter 24