Spring 2014 Dr. Erturk

University of Utah Office: OSH – 354

 Hrs: T 1-2pm

**ECON 7021: International Economics II**

The course begins with an overview of credit money and financial macroeconomics and proceeds to a critical discussion of different open economy macroeconomic models. Different historical periods since the gold standard are then discussed with the aid of these analytical tools of analysis, with greater emphasis placed on developments in the post-Bretton Woods Era. The course ends with an assessment of the challenges world economy faces in the post crisis environment and a review of current policy and reform proposals.

Full citations for readings are indicated in the course outline below except for chapters from following books:

Blecker, R. -*Taming Global Finance*

Eatwell, J. & L. Taylor - *Global Finance at Risk*

Hallwood, C. & R. MacDonald - *International Money and Finance*

Keynes, J.M. - *A Treatise on Money*

Minsky, H. – *Stabilizing An Unstable Economy*

Temin, P. & D. Vines - *The Leaderless Economy*

Knoop, T. – *Modern Financial Macroeconomics*

Course grade will be based on two midterms and a final exam.

Course Outline

1. Review of Monetary Theory and Introduction to International Economics

Knoop – Chps. 5 - 8

Minsky – Chps. 5 and 6

Hallwood, C. & R. MacDonald – Chps. 2 - 4

1. Open Economy Macroeconomics

Blecker – Chp. 2

Hallwood, C. & R. MacDonald – Chps. 5 - 9

Keynes – Chps. 21,31,34,35, 38

Polak, J. (1977). “Monetary Analysis of Income Formation and Payment Problems,” in *The Monetary Approach to Balance of Payments*. IMF

1. International Economy until End of Bretton Woods

Hallwood, C. & R. MacDonald – Chp 16,17

D’Arista, J. (2009). “The Evolving international Monetary System,” *Cambridge Journal of Economics*, 33, pp. 633-652.

Bernanke B. (1993). “Credit in the Macroeconomy,” *Federal Reserve Bank of New York Quarterly Review*, Spring, 18(1).

Eichengreen, B. (1987). “Conducting the International Orchestra: Bank of England Leadership under the Classical Gold Standard,” *Journal of International Money and Finance*, 6, pp. 5-29.

Kindleberger, C. (1985). “The Functioning of Financial Centers: Britain in the Nineteenth Century, The United States Since 1945,” Essays in International Finance, 157, pp. 7-18.

Keefer, P. & D. Stasavage (2002). “Checks and Balances, Private Information, and the Credibility of Monetary Commitments,” *International Organization* 56(4).

1. International Economy Post-Bretton Woods
2. *The Unilateral Dollar Standard and Financial Globalization*

Hayami, Y. (2003). “From Washington Consensus to the Post-Washington Consensus: Retrospect and Prospect,” *Asian Development Review*, 20(2).

Singh, A. (2003). “Capital Account Liberalization, Free Long-Term Capital Flows, Financial Crises and Economic Development,” *Eastern Economic Journal* 29(2).

McKinnon, R. (2005). “Trapped by the International Dollar Standard,” *Journal of Policy Modeling* 27, pp. 277-485.

Dooley, M. Folkerts-Landau, D. & P. Garber (2004). “The Revived Bretton Woods System,” *International Journal of Finance and Economics* 9, pp. 307-313.

Prasad, E. & R. Rajan (2008). “A Pragmatic Approach to Capital Account Liberalization,” *Journal of Economic Perspectives* 22, pp. 149-172.

Eatwell & Taylor – Chps. 1-3.

1. *Currency Crises*

Allen & Gale (1999) “Bubbles and Crises, and Policy,” *Oxford Review of Economic Policy* 15(3).

Corbett, J., Irwin, G. & D. Vines (1999). “Asian Currency and Financial Crisis: Lessons from Vulnerability, Crisis and Collapse,” *World Economy*, 22(2).

Corden, W. (2007). “The Asian Crisis: A Perspective After Ten Years,” *Asian Pacific Economic Literature*, 23(1).

Erturk, K. (2001-2). “Overcapacity and the Asian Crisis,” *Journal of Post-Keynesian Economics* 24(2).

Erturk, K. (2006). “On the Changing Nature of Currency Crisis,” in P. Arestis, J. Ferreiro and F. Serrano (eds.) *Financial Developments in National and International Markets.* Palgrave Macmillan.

1. *Global Imbalances and Financial Crisis*

Eichengreen, B. (2006). “Global Imbalances: The New Economy, the Dark Matter, the Savvy Investor, and the Standard Analysis,” *Journal of Policy Modeling*, 28, pp. 645-652.

Balakrishnan, R., Bayoumi, T. & V. Tulin (2007). “Globalization, Gluts, Innovation or Irrationality: What Explains the Easy Financing of the US Current Account Deficit,” IMF Working Paper 160.

Erturk, K. (2010). “On the Heterodox View of the Crisis,” *Real World Economics Review*, 54.

Borio, C. & P. Disyatat (2011). “Global Imbalances and the Financial Crisis: Link or No Link?” BIS Working Paper 346.

Obstfeld, M. & K. Rogoff (2009). “Global Imbalances and the Financial Crisis: Products and Common Causes.” Mimeo.

Priewe, J. (2010). “What Went Wrong? Alternative Interpretations of the Global Financial Crisis,” in Dullien et al (eds.) *The Financial and Economic Crisis of 2008-2009 and Developing Countries*. Unctad.

1. *Post-Crisis Environment*

Temin & Vines – Chps. 5 and 6

Bonizzi, B. (2013). “Capital Flows to Emerging Markets: Institutional Investors and the Post Crisis Environment,” Mimeo

Shin, H. (2012). “Global Banking Glut and Loan Risk Premium,” *IMF Economic
Review* 60(2), pp. 155-192.

Blanchard, O. & G.M. Milesi-Ferretti (2011). “(Why) Should Current Account Balances be Reduced?” IMF Staff Position Note.

Buiter, W. (2013). “The Role of Central Banks in Financial Stability: How Has It Changed?” in D. Evanoff et al (eds.) *The Role of Central Banks in Financial Stability: How Has It Changed?* World Scientific Publishing.

1. *Policy Debate and Reform*

Adam, C. & D. Vines (2009). “Remaking Macroeconomic Policy after the Global Financial Crisis: A Balance Sheet Approach,” *Oxford Review of Economic Policy*, 25(4).

D’Arista, J. & K. Erturk (2010). “The Case for Currency Reform,” in *Real World Economics Review*, 55.

Kotte, D. (2010). “The Financial and Economic Crisis and Global Economic Governance,” in Dullien, S., Kotte, D., Marquez, A. & J. Priewe (eds.) *The Financial and Economic Crisis of 2009-2009 and Developing Countries.*

Marquez, A. (2010). “The Report of the Stiglitz Commission: A Summary and Comment,” in Dullien, S., Kotte, D., Marquez, A. & J. Priewe (eds.) *The Financial and Economic Crisis of 2009-2009 and Developing Countries.*