Course Requirements

You are asked to write five short papers and participate in five class presentations over the course of the semester. There are no examinations. After we finish each section of the syllabus, we will devote a class section to a discussion based on the section. One week prior to each class discussion, I will give each of you a question. You are expected to write a 3-5 page paper dealing with the question, using readings assigned in the section, and present it in the class. In class, you are also expected to react to the presentations of others. Your grade for each section will be based on your class participation and on the written paper you provide. At the end of the semester, you will write a ten-page research proposal. Those will be presented on the last two days of class. You will be graded both on the presentation, your reaction to the presentations by others, and on the written research proposal. Since the purpose of the papers is to prepare you for the class discussions, late papers will be penalized heavily – one letter grade per class late.

Distribution of grade

<table>
<thead>
<tr>
<th>Component</th>
<th>Grade</th>
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<tbody>
<tr>
<td>Currency Crises</td>
<td>20%</td>
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<tr>
<td>Role of IMF</td>
<td>10%</td>
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<tr>
<td>EMU</td>
<td>10%</td>
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<tr>
<td>New Macro</td>
<td>20%</td>
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<tr>
<td>Research Proposal</td>
<td>30%</td>
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</tbody>
</table>
I. Financial Crises

A. Exchange rate crises

1. Classic Krugman-style crises -- first generation models

2. Fiscal policy and currency crises

3. Self-fulfilling crises - second generation models


5. Moral hazard

6. Currency crises - empirical

B. Debt Crises

C. General Assessments
2. Sachs, Jeffrey and Radalet
   http://www.hiid.harvard.edu/projects/caer/papers
II. Reform of the International Monetary System

A. Role of the IMF
4. Sachs, Jeffrey

B. Capital Controls
1. Edwards, Sebastian, "How Effective are Capital Controls?" *Journal of Economic Perspectives* 13 (Fall 1999) 65-84.
III. European Monetary Union

A. Optimal Currency Areas - earlier articles

B. Optimal Currency Areas
   1. Macroeconomic stabilization

   2. EMU as an optimal currency area
      a. Alogoskoufis, George, and Richard Portes, “European Monetary Union and International Currencies in a Tripolar World,” In Matthew
IV. The New International Macroeconomics
http://www.princeton.edu/~bmdoyle/open.html