

Course Code: ECON 510**Course Title: Money and International Finance****Course Type (GED/Core/Elective):** Core**Year/Level/Semester/Term:** One Year**Academic Sessions:** 2023-24 & 2024-25**Course Teacher/Instructor:****Pre-requisite (if any):****Credit Hours:** 04**Contact Hours:** 60

Course Rationale: The existing courses in international economics emphasize more on international trade than on international finance. As the volume of trade increases with time alongside the increased presence of the multinational companies with either direct investment and/or portfolio investment, it is imperative that money and international finance is studied more intensively.

Course Objective: This course first discusses at length the role of money in an economy as perceived by the various schools of thought. It then analyzes the function of money in the balance of payments. The course further aims at scrutinizing the concepts of international finance.

Course Learning Outcomes: After successful completion of the course, students will be able to understand and analyze, among other issues, the following:

1. the concepts of money;
2. money and the aggregate economy;
3. money and inflation;
4. balance of payments;
5. the open-economy macroeconomics; and
6. concepts in international finance.

CLOs Mapped to PLOs

| CLO/PLO | PLO1 | PLO2 | PLO3 | PLO4 | PLO5 | PLO6 |
|---------|------|------|------|------|------|------|
| CLO1 | 3 | 1 | 2 | 2 | 2 | 2 |
| CLO2 | 3 | 3 | 3 | 3 | 3 | 3 |
| CLO3 | 3 | 1 | 3 | 3 | 3 | 3 |
| CLO4 | 1 | 2 | 1 | 2 | 2 | 2 |
| CLO5 | 3 | 2 | 3 | 3 | 3 | 3 |
| CLO6 | 3 | 3 | 3 | 3 | 3 | 3 |

Course Contents

| Topic | Content Summary | Teaching Strategies/Tools | In-Class Assessment | Contact Hours | CLOs |
|-------|---|---|--|---------------|------|
| 1 | Elementary Concepts of Money: History of Emergence of Money, Monetary Aggregates, Definitions and Functions, Money Market: Supply of and Demand for Money. | Strategies: Verbal and graphical exposition Tools: Books; Handouts; Multimedia; Online resources | Q&As; Quizzes; Homework; Assignments; Presentations; Tutorials | 8 | 1 |
| | Money and Aggregate Economic Activity: Review of Role of Money in Classical and | | | | |

| | | | | | |
|---|--|----------|----------|----|---------|
| 2 | Keynesian Models, Monetary Transmission Mechanism, Causality, Causality between Money and Output, Evidence on Relationship. | As above | As above | 10 | 2 |
| 3 | Money and Inflation: Meaning of Inflation and Views of Inflation, Monetarist and Keynesian Employment Target and Inflation, Causality between Money and Prices, Activist and No-Activist Policy Debate, Evidence on Relationship between Money and Inflation. | As above | As above | 12 | 3 |
| 4 | Balance of Payments: The Monetary Approach to Balance of Payments (MABP), How MABP Differs from Elasticity and Absorption Approach, Global Monetarist Model, International Transmission of Inflation, Developing Countries: Balance of Payment Adjustment and International Monetary Fund, Exchange Rate Arrangements, the IMF and Its Role, IMF and BP, Arguments against IMF Adjustment Policies. | As above | As above | 16 | 4, 5, 6 |
| 5 | Macroeconomics in an Open Economy: Internal and External Balance, Policy Dilemma, the Base Line Mundell-Fleming Model, Imperfect Capital Mobility and Mundell-Fleming Model, Aggregate Supply, the Real Balance Effect and the Exchange Rate in the Mundell-Fleming Model. | As above | As above | 10 | 4, 5, 6 |

Class Schedule:

Lesson Plan

| Week(s) | Topic(s) | #Classes | CLO(s) | Remarks |
|---------|----------|----------|---------|---|
| 1 – 4 | 1 | 1 – 8 | 1 | |
| 5 – 9 | 2 | 9 – 18 | 2 | |
| 10 – 15 | 3 | 19 – 30 | 3 | <i>Class Test 1: (Topics 1 - 2) 19th Class</i> |
| 16 – 23 | 4 | 31 – 46 | 4, 5, 6 | <i>Class Test 2: (Topic 3) 31st Class</i> |
| 24 – 28 | 5 | 47 – 56 | 4, 5, 6 | <i>Class Test 3: (Topic 4) 47th Class</i> |
| 29 – 30 | 1 - 5 | 57 – 60 | | <i>Review</i> |

Overall Evaluation Policy:

- Continuous Internal Evaluation (CIE): Marks - 00
- Year-End Examination (YEE): Marks - 100

| Bloom's Category | Marks (100) |
|------------------|-------------|
| Remember | 20 |
| Understand | 30 |
| Apply | 20 |
| Analyze | 10 |
| Evaluate | 10 |

| | |
|--------|----|
| Create | 10 |
|--------|----|

c. Grading Scheme: *As in Section 19*

Policy for Make-Up Classes:

- Utilize the open slots in consultation with students
- Swap classes with colleagues

Recommended References

1. Feenstra, R. C., & Taylor, A. M. (2017). *International Macroeconomics* (4th ed.). Worth Publishers.
2. Kenen, P. B. (1995). *Understanding Interdependence: The Macroeconomics of the Open economy*. Princeton, Princeton University Press.
3. Krugman, P. R., Obstfeld, M., & Melitz, M. J. (2011). *International Economics: Theory and Policy* (9th ed.). Addison-Wesley.
4. Obstfeld, M., & Rogoff, K. S. (2011). *Foundations of International Macroeconomics*. The MIT Press.
5. Rivera-Batiz, F. L., & Rivera-Batiz, L. (1994). *International Finance and Open Economy Macroeconomics*. Prentice Hall.
6. Salvatore, D. (2013). *International Economics* (11th ed.). Wiley.