Course Objective:
The goal of this course is to introduce students to macroeconomics in an international context, essentially open economy macroeconomics. The focus is on balance of payments, exchange rate determination and international transmission of domestic macroeconomic policies. Issues relating to the balance of payments will include international capital movements and how international transactions relate to national income accounting. Under exchange rate determination, an analysis of international monetary systems and a comparison between fixed and floating rate regimes will be discussed. An important aspect of the course will be an examination of what policy options a country possesses in the face of increasing globalization and international economic interactions. The economics of financial flows to developing countries and its impact on economic growth will also be considered.

Prerequisites:
Econ 320 - Intermediate Macroeconomic Analysis
Business Administration 301

Lecture Material:
There is no text book requirement for the course. Instead, you will be supplied with lecture notes. However, you may consult any of the text books listed below for reference purposes.

Reference Texts:
General Education Information:
The main purpose of the degree program at the College of Business & Economics (CBE) at Cal State Fullerton is to provide you with the knowledge and skills that prepare you for a successful career in business. In order to assist us in achieving this goal, we will use a number of assessment tools to track your progress through the CBE curriculum. Please expect to participate in CBE assessment activities in several of your courses while at the CBE. As you do so, you will assist us in identifying our program’s strengths and weaknesses as well as areas for potential improvement. In other words, you are making an important investment in the value of your degree.

Course Requirements and Grading

Attendance and Problem Sets
The course meets for two lectures per week. You are expected to read the text carefully and attend all classes. Problem sets will be handed out one week before they are due. You may work on the problem sets in groups but make sure you contribute to the group work; in which case be sure to work through the answers individually afterwards, before turning them in. No group submission is permitted. Late submissions will not be accepted. The solutions to the problem sets will be given to you. If you do not understand them, please schedule an appointment or see me during office hours as soon as you can.

Exams
There will be two in-class exams, i.e. one midterm and a final. During an exam, you will not be allowed to leave the classroom. Furthermore, no cell phones, PDA, etc or graphing calculators will be allowed. Your work on exams must be entirely yours. There will be no make-up exams. Exceptions will be made only on the basis of verifiable medical reasons or official university excuse.

Readings, Presentations and Paper Project
A set of readings from various sources will be assigned, which will form the basis of presentation exercises that will take place toward the end of the semester. For each set of articles, you are expected to read them thoroughly and prepare summary notes as we proceed through the relevant theories. You will also be required to write a short paper for the course. Detailed instructions on the presentation and the paper will be provided.

Additional Requirements for Graduate students
Graduate students are expected to write a paper on a topic of choice with my approval.
Grades
Final grades for the course will be determined as follows:
- Problem Sets: 20%
- Midterm: 20%
- Final: 40%
- Paper/Presentation: 20%

Plus/Minus grading will be used, and the final grades will be based on a relative rather than absolute scale. That is, your final grade will depend on your total score and how that compares to the class as a whole. This should mostly work to your advantage! The professor also reserves the prerogative to reward students on the basis of classroom participation as and when it is deemed necessary.

Academic Dishonesty
Academic dishonesty includes such things as cheating, inventing false information or citations, plagiarism, and helping someone else commit an act of academic dishonesty.

- Cheating is the act of obtaining or attempting to obtain credit for work by the use of any dishonest, fraudulent, or unauthorized means.
- Plagiarism is the act of taking the specific substance of another and offering it as one’s own without giving credit to the source.

Students found guilty of academic dishonesty will be assigned an appropriate academic penalty and reported to the Judicial Officer on campus.

Note: The lecture schedule that follows is subject to change upon notice from the professor. However, all exams will take place as scheduled.
COURSE OUTLINE AND SCHEDULE

I. Concepts and Relationships (Jan. 23- Feb. 15)
   a. Balance of Payments
   b. Foreign Exchange Markets
   c. Forward Exchange Market
   d. Interest Rate Parity
   e. Purchasing Power Parity
   f. Exchange Rate Regimes

II. Macroeconomic Policies (Feb. 20-Mar. 23, Apr. 3)
   a. IS-LM-BP Model
   b. Macro Policy: Fixed Exchange Rates
   c. Macro Policy: Flexible Exchange Rates
   d. Comparison between Exchange Rate Regimes

III. Global Linkages and Economic Growth (Apr. 5- 26)
   a. Growth Models
   b. Income and Growth in the World Economy
   c. Capital Flows to Developing Countries
   d. Financial Crises
   e. Role of the IMF
   f. Reforms of International Financial Architecture
   g. The Dutch Disease

VI. Paper Presentations (Apr 29- May 8)

IMPORTANT DATES
***SPRING BREAK
Mar. 31-Apr. 6
***EXAMS
   Midterm  March 13, 2008
   Final  May 13, 2008 ( 12-1:50pm)
READING LIST

I. Concepts and Relationships

   http://www.cfr.org/publication/8933/getting_serious_about_the_twin_deficits.html
2. Freund and Warnock, “Current Account Deficits in Industrial Countries: The Bigger They are, the Harder They Fall?” NBER Working Paper No. 11823 Dec. 2005
   http://yaleglobal.yale.edu/about/academicpapers.jsp

II. Macroeconomic Policies

   http://www.economist.com/finance/PrinterFriendly.cfm?Story_ID=466589&CFID=254949&CFTOKEN=85332463

III. Global Linkages and Economic Growth

4. Orlowski, Witold M., “Accelerate change: Higher saving is the key to higher Growth for new EU members,” Finance and Development, June 2004  