TEXT
Required: International Economics (11th ed.) by Pugel and Lindert
Optional: Wall Street Journal

OBJECTIVE
The objective of this course is to expose students to the issues and controversies in international macroeconomics and finance. In addition, we will use what we learn to analyze current events such as the recent turmoil in Southeast Asia and Russia, and the currency union in Europe.

After a brief introduction to measures of the Balance of Payments we will discuss the foreign exchange market and two important parity conditions--Interest Rate Parity (both covered and uncovered) and Purchasing Power Parity. We will use these parity conditions to help explain the value of the exchange rate in both the long and short run. Finally, in this initial section, the student will be introduced to different exchange rate arrangements, specifically fixed and flexible exchange rates. The first exam will (tentatively) cover chapters 15-20 and will be held on Wednesday, February 28.

Following the first exam our attention will turn to macroeconomic policies for an open economy. We will investigate questions such as are the effects of monetary and fiscal policy the same under both fixed and flexible exchange rate arrangements? If they differ why do they differ? In this section we will also examine if devaluations necessarily improve the trade balance? The second exam will (tentatively) cover chapters 21-23 and will be held on Wednesday, April 11.

Recently some of the European countries have given up their national monies and formed a currency union with a single common currency. Under what conditions should countries form a currency union instead of maintaining their national monies? We will tackle this question in Chapter 24 (along with an outside reading). The recent wave of currency crises will be discussed in Chapter 26 and an additional outside reading will be assigned. If time permits we will also discuss the chapters on the international movement of labor (Chapter 25) and direct foreign investment (Chapter 27). The final exam is comprehensive and is scheduled for Saturday, May 5 from 10:30 AM to 1:00 PM.
### EXAMS
- Homework & Class Participation 10 pts
- 2 midterm exams 55 pts (27.5 pts each)
- Final exam (comprehensive) 35 pts
- TOTAL 100 pts

### GRADING
- A = 90 percent
- B = 80 percent
- C = 70 percent
- D = 55 percent

### MAKEUPS
I expect students to take exams at the scheduled time. In extraordinary cases, **and subject to my approval**, an exam may be made up. Otherwise a score of 0 will be entered for the missing exam.

### ATTENDANCE
Students with poor attendance will be dropped from the roll. Finally, if I am more than 15 minutes late class is excused.

The Economics Department will make reasonable accommodations for persons with documented disabilities. Students must notify their instructors no later than the end of the first week of term, and provide documentation of the disability obtained from the Disabilities Services office located in Willard Hall, Room 322.