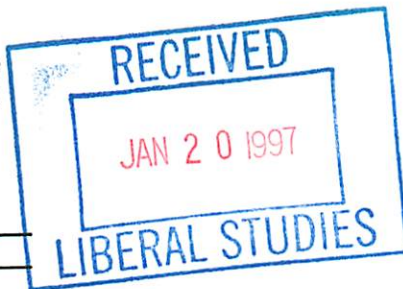


Resubmitted



LSC Use Only
Number: _____
Submission Date: _____
Action-Date: _____

UWUCC USE Only
Number: 96-3
Submission Date: _____
Action-Date: App 2/25/97
Senate App 3/11/97

CURRICULUM PROPOSAL COVER SHEET
University-Wide Undergraduate Curriculum Committee

I. CONTACT

Contact Person Yaw A. Asamoah Phone 357-2640
Department Economics

II. PROPOSAL TYPE (Check All Appropriate Lines)

COURSE International Econ II
Suggested 20 character title

New Course * _____
Course Number and Full Title

Course Revision EC 346 International Economics II
Course Number and Full Title

Liberal Studies Approval + _____
for new or existing course Course Number and Full Title

Course Deletion _____
Course Number and Full Title

Number and/or Title Change EC 346 International Economics II
Old Number and/or Full Old Title

EC 346 International Payments
New Number and/or Full New Title

Course or Catalog Description Change EC346 International Economics II
Course Number and Full Title

PROGRAM: Major Minor Track

New Program * _____
Program Name

Program Revision * _____
Program Name

Program Deletion * _____
Program Name

Title Change _____
Old Program Name

New Program Name

III. Approvals (signatures and date)

James A. Dyal
Department Curriculum Committee

Dawaku
Department Chair

[Signature] 2/22/95
College Curriculum Committee

[Signature] 2/22/95
College Dean

+ Director of Liberal Studies (where applicable)

* Provost (where applicable)

[Proposal for changes in Course Title, Prerequisites and Course Description]

Part II: Description of Curriculum Changes

- From:** EC 346 International Economics II 3c-0l-3sh
Prerequisites: EC 345 or permission of the instructor
Application of theory of international trade to empirical data and problems; historical survey and examination of current problems of international trade; the institutional setting of international trade.
- To:** EC 346 International Payments 3c-0l-3sh
Prerequisites: EC 121 and EC 122 or permission of the instructor.
Study of the macroeconomic segment of international specialization and exchange, including analysis of balance of payments, exchange rates, and the mechanism of international economic and monetary adjustments; international macroeconomic policy; historical survey and examination of current international financial problems; and the institutional setting of international payments.

Rationale for the changes:

The proposed course title, prerequisite and course description changes are an integral part of the attached course revision proposal.

[Course Revision Proposal]

Part II. Description of the Curriculum Change

1. **A New Syllabus of Record** is submitted as **Attachment A**.
2. **Summary of proposed revisions.**
The proposed revisions seek to rearrange the topics designed to be taught in our EC 345/346 sequence. The Department of Economics proposes to move from the current theory/application split to the more traditional microeconomic/macroeconomic division.
3. As the current course descriptions for EC 345/346 show, the courses were originally designed to cover theories of international trade and international payments in EC 345 International Economics I, and then to devote EC 346 International Economics II to applications. Our experience in the last twelve years shows that this course design does not work well, hence the need for revision.

The current division of topics suggests that we 'defer' policy applications until EC 346. If we were to stick to this plan, we would face pedagogic as well as practical problems. The theory-only course would be abstract and less interesting for the students -- about 80% of these being Business and International Studies majors--who enroll in it. In order to generate student interest in the course, and also because EC 346 (the applied course) has not been offered on a regular basis in the past, the department has had to cover both theory and applications in the same semester. Covering about twice as many topics in EC 345 as was originally intended severely limits the depth and substance of the content.

The proposed division of topics along their natural micro/macro lines would enable the department to cover both theory and applications at an appropriate depth in each course. Furthermore, if the proposal to change pre-requisites in EC 346 is approved, we will be able to more effectively serve a larger pool of students (in economics and related majors) by scheduling EC 346 on a regular basis.

4. **The old syllabus of record** being unavailable, we submit a copy of the most recent (Spring 1985) course syllabus as **Attachment B**.
5. This is not a liberal studies course.

COURSE SYLLABUS

I. Catalog Description

EC 346 International Payments

3c-01-3sh

Prerequisites: EC 121 and EC 122 or permission of the instructor.

Study of the macroeconomic segment of international specialization and exchange, including analysis of balance of payments, exchange rates, and the mechanism of international economic and monetary adjustments; international macroeconomic policy; historical survey and examination of current international financial problems; and the institutional setting of international payments.

II. Course Objectives

This course aims at helping students understand

1. The tools used by economists to record and report international financial settlements.
2. Foreign exchange markets and theories that explain how the exchange rate of currencies are determined.
3. Balance of payments disequilibria, their impact on the domestic economy, why they require correction (or adjustment), and balance of payments adjustment policies.
4. The international monetary system and its history.

III. Course Outline

- | | | |
|-----------|--|-----------|
| A. | The Balance of Payments | (2 weeks) |
| 1. | Introduction to BOP Accounting | |
| 2. | Accounting Balances and BOP Disequilibrium | |
| 3. | Brief International Monetary History of the U.S. | |
|
 | | |
| B. | Foreign Exchange Markets | (3 weeks) |
| 1. | Instruments of Foreign Exchange | |
| 2. | Arbitrage, Spot and Forward Foreign Exchange Transactions | |
| 3. | Determination of Equilibrium Exchange Rates | |
| | The Money Supply, Income, Price Levels, and Exchange Rates | |
| | Exam 1 | |
|
 | | |
| C. | Government Intervention in Foreign Exchange Markets | (3 weeks) |
| 1. | Introduction to Exchange Rate Regimes | |
| 2. | Exchange Rate Policies & Macroeconomic Stability | |
| 3. | BOP Disequilibrium and Foreign Exchange Markets | |
|
 | | |
| D. | Balance of Payments Adjustments | (3 weeks) |
| 1. | Automatic Adjustment under Flexible Exchange Rates | |
| 2. | Automatic Adjustment under Fixed Exchange Rates | |
| 3. | Discretionary Adjustment under Fixed Exchange Rates | |
| | Exam 2 | |
|
 | | |
| E. | History of the International Monetary System | (3 weeks) |
| 1. | The Gold Standard Years | |
| 2. | The Inter-War Years | |

3. The Bretton-Woods Years
4. The Years Since Bretton-Woods

Final Exam

IV. Evaluation Methods

The final grade will be determined as follows:

75% Three exams—two exams to be given during the semester and a final exam. Each test will carry a weight of 25%, and will consist of short-essay questions that would require the student to argue in support of, or in opposition to a given statement.

15% Two reviews of articles to be selected from *Finance & Development* (a quarterly publication of the International Monetary Fund and the World Bank), or from the World Bank's annual publication, *World Development Report*.

10% In-class activity; this includes the several collaborative or group assignments to be given in class.

The following numerical scale is typically used to determine the minimum overall letter grades for the course:

80 - 100:	A;	70 - 79:	B;	60 - 69:	C;
50 - 59:	D;	49 or less:	F		

V. Attendance Policy

Although class attendance is not required, students are expected to come to class since absences will cost them a share of the points they can earn through class participation and the in-class group assignments.

VI. Required Textbook and Supplementary Readings

Rivera-Batiz, Francisco L. and Luis A. Rivera-Batiz (1994). International Finance and Open Economy Macroeconomics, 2nd. Edition, Macmillan: New York, NY.

The Wall Street Journal (daily)

The Economist or Businessweek (weekly)

Finance and Development (Quarterly)

World Development Report, various years.

VII. Bibliography

"Bretton Woods Revisited: A Gift from the Cold War." The Economist, July 1994, pp. 69-75.

Bean, Charles R. (1994). "Economic and Monetary Union in Europe," in Phillip King, ed., International Economics and International Economic Policy: A Reader, 2nd Edition. 1994, McGraw-Hill, Inc.: New York, NY. pp. 373-392.

Bulow, Jeremy and Kenneth Rogoff (1994). "Cleaning Up Third World Debt Without Getting Taken to the Cleaners," in Phillip King, ed., International Economics and International Economic Policy: A Reader, 2nd Edition. 1994, McGraw-Hill, Inc.: New York, NY. pp. 405-416.

Carbaugh, Robert J. (1995). International Economics, 5th. Edition, South-Western: Cincinnati, OH.

Feldstein, Martin (1994). "Does One Market Require One Money?" in Phillip King, ed., International Economics and International Economic Policy: A Reader, 2nd Edition. 1994, McGraw-Hill, Inc.: New York, NY. pp. 367-372.

Friedman, Milton (1994). "The Case for Flexible Exchange Rates," in Phillip King, ed., International Economics and International Economic Policy: A Reader, 2nd Edition. 1994, McGraw-Hill, Inc.: New York, NY. pp. 289-305.

Kreinin, Mordechai E. (1995). International Economics: A Policy Approach, 7th. Edition, Harcourt Brace & Co: Orlando, FL.

Lindert, Peter H. and Thomas A. Pugel (1996). International Economics, 10th. Edition, Irwin: Chicago, IL.

- McKinnon, Ronald I. (1994). "Monetary and Exchange Rate Policies for International Financial Stability: A Proposal," in Phillip King, ed., International Economics and International Economic Policy: A Reader, 2nd Edition. 1994, McGraw-Hill, Inc.: New York, NY. pp. 307-327.
- Root, Franklin R. (1994). International Trade and Investment, 7th. Edition, South-Western: Cincinnati, OH.
- Sachs, Jeffrey (1994). "Beyond Bretton woods: A New Blueprint," in The Economist, October 1994. pp. 23-27.
- Sachs, Jeffrey D. (1994). "A Strategy for Efficient Debt Reduction," in Phillip King, ed., International Economics and International Economic Policy: A Reader, 2nd Edition. 1994, McGraw-Hill, Inc.: New York, NY. pp. 289-305.
- Salvatore, Dominick (1993). International Economics, 4th. Edition, Macmillan: New York, NY.
- Spencer, Grant and Adrienne Cheasty (1994). "The Ruble Area: A Breaking of Old Ties?" in Phillip King, ed., International Economics and International Economic Policy: A Reader, 2nd Edition. 1994, McGraw-Hill, Inc.: New York, NY. pp. 393-400.
- Tavlas, George S. (1994). "The Theory of Optimum Currency Areas Revisited," in Phillip King, ed., International Economics and International Economic Policy: A Reader, 2nd Edition. 1994, McGraw-Hill, Inc.: New York, NY. pp. 359-365.
- Thompson, Henry (1993). International Economics: A Microeconomic Approach, Longman: White Plains, N.Y.
- Volcker, Paul A. and Toyoo Gyohten (1996). "A New World Order or a New Nationalism," in David N .Balaam and Michael Veseth, ed., Readings in International Political Economy, 2nd Edition. 1996, Prentice Hall: Upper Saddle River, NJ. pp. 112-129.

Course Analysis Questionnaire

Section A: Details of the Course

- A1 This course (EC 346) is one of the controlled electives in the Bachelor of Arts - Economics, and the Bachelor of Arts - Economics/Pre-Law programs. It course is not intended to be a Liberal Studies course.
- A2 The course does not require changes in any course other than its companion, EC 345. A parallel course revision proposal for EC 345 is being submitted with this proposal.
- A3 The course was inactive between Fall 1986 and Spring 1996. It was offered once during Spring 1996, and is scheduled to be offered in Spring 1997.
- A4 This course is intended to be offered as a dual-level course. A similar course revision proposal for EC 546 is being submitted to the Graduate Committee.
- A5 This course is not to be taken for variable credit.
- A6 Similar courses are offered at the following institutions among others:
Boston University (College of Arts and Sciences), EC 292 International Economics II (for non-majors).
Boston University (College of Arts and Sciences), EC 392 International Economics II: Problems and Policy (for Economics majors only).
Boston University (School of Management), IM 346 International Economic Relations II.
Bowling Green State University, ECON 452 International Monetary Economics.
Course descriptions from Boston University and Bowling Green State University are attached.
- A7 No professional society, accrediting authority, law or other external agency recommends or requires the content or skills of this course.

Section B: Interdisciplinary Implications

- B1 This course is taught by one instructor.
- B2 The content of this course does not overlap with any other at IUP.
- B3 This course is not cross-listed.

Section C: Implementation

- C1 Faculty resources to teach the course are adequate. No new faculty member is required to teach the course.

- C2 Other resources:
- a. Current space allocations are adequate to offer this course.
 - b. No special equipment is needed for this course.
 - c. No laboratory supplies are necessary for this course.
 - d. Our Library holdings have been inadequate for the current course and it is doubtful that a course revision proposal is likely to change the situation. Important reference materials such as the International Monetary Fund's *International Financial Statistics*, a basic data source found in practically every university library, remains unavailable in our Library. In addition, our Library's holdings of basic yearbooks such as the *UN Yearbook of National Accounts Statistics* are dated.
 - e. There are no travel requirements associated with the delivery of this course.
- C3 Delivery of this course is not supported by grant funds.
- C4 The department of Economics plans to offer this course every Spring semester.
- C5 The department plans to offer one section of the course at a time.
- C6 The department anticipates a future enrollment of 20 to 25 students per semester. This projection is based on our expectation that it would attract a substantial number of business majors once the proposal to change prerequisites is approved.
- C7 No professional society recommends enrollment limits or parameters for this course.
- C8 This course does not involve the use of telecourses or the use of interactive technologies.

D. Miscellaneous

No additional information is necessary.

Attachment B (Old Syllabus)

IUP
Department of Economics
Spring 1985

Course: International Economics II

Instructor: Mr. Asamoah

Office: Keith 145 Telephone: 357-2641

Office Hours: TR 3:30-5:30, F 3:30-4:30, and by appointment

Main Text: Franklin R. Root, International Trade and Investment, 5th Edition.

Other Texts: P.T. Ellsworth and J. Clark Leith, The International Economy, 6th Edition.
Michael P. Todaro, Economic Development in the Third World, Second Edition.

Course Requirements

The final grade will be determined by the following scheme:

<u>Item</u>	<u>% of Final Grade</u>
Exam 1	20
Exam 2	20
In-Class Presentation	20
Final	30
Class Participation	<u>10</u>
TOTAL	100

Exams 1 and 2 will each be an hour long. The final exam will be partially comprehensive and will be given as scheduled during the final exams week. Each exam will feature several essay questions, and will be based on material presented in class and from assigned readings. I will give a rare make-up exam for those who come to see me before an exam.

Your In-Class presentation will be about 20 minutes long and will be based on a research paper that you'll be required to prepare. The topic and outline of this paper should be cleared with me about a month before its scheduled presentation. Since class participation makes up a separate part of your grade, you have an extra incentive to attend class. Needless to say, if you miss class it is your responsibility to find out what you missed from your classmates. To gain the most from class, you should read the assigned readings before class.

COURSE OUTLINE

- I. Review and Outline
 - A. Why nations trade; the importance of trade to respective nations.
 - B. Financial Settlements in International Trade.
- II. Controls on Trade
 - A. Market disruption, exchange control, state marketing boards.
 - B. International Cartels, International Commodity Agreements.
Root, Chapter 16
Ellsworth and Leith, Chapter 13
- III. Trade and Development
 - A. Introduction to LDCs.
Todaro, Chapters 1, 2, 3
 - B. Is Trade an Engine of Growth?
Todaro, Chapter 12
Joan Robinson, Aspects of Development and Underdevelopment,
Cambridge, 1979. Chapter 4
Peter Bauer, Reality and Rhetoric, Studies in the Economics of
Development, Harvard, 1984.
 - C. The Balance of Payments and Commercial Policies of LDCs.
Root, Chapter 18.
Todaro, Chapter 13.
Robinson, Chapter 6.
 - D. LDCs in the World Economy: A New International Economic Order?
Root, Chapters 19, 20
Todaro, Chapter 17
- IV. Trade and Investment
 - A. Multinational Corporations
Root, Chapters 21-24
 - B. Foreign Aid
Todaro, Chapter 14
Robinson, Chapter 5
- V. The International Monetary System
Evolution, Problems, Prospects
Root, Chapters 9, 10.
Ellsworth and Leith, Chapters 25-30.

Part III Letters of Support

(The UWUCC should know that in early November, the Department of Economics contacted departments whose programs would be affected by this course revision proposal to ask for a review and their support (please see the attached copies of memos to the dean of the College of Business and the chairpersons of the Departments of Finance and Legal Studies and Marketing).

Their responses are pending, and we would be happy to share them with the Committee when we receive them.

Date: November 4, 1996

Subject: Course Revision Proposals

To: Dr. Robert C. Camp, Dean
The Eberly College of Business

From: Donald Walker, Chairperson *Daw*
Department of Economics

Please find attached our course revision proposals for EC 345/346 International Economics I & II. As the attached summary indicates, the Department of Economics proposes to move from the current theory/application division of topics in these courses to a more traditional micro/macro split.

Your new program in International Business will be affected by the proposed revision because EC 345 is a required course in the program. I would appreciate your review of the proposal and your writing me a letter of support. As you know, the University-wide Undergraduate Curriculum Committee requires letters of support for such a course revision. If, on the other hand, you have any reservations about our plans, please let me know directly so that we may address them.


If the proposal is approved by the University Senate, we recommend that you add the revised EC 346 to the list of courses required in the B.S. in International Business program, since 346 would cover some of the topics currently taught in EC 345. You might, however, simply urge your faculty-advisors to encourage International Business majors to take EC 346 in addition to EC 345. If the addition of 3 credits would be difficult because of a credit-hour constraint, you might judge that one of the courses is more suitable than the other for the needs of your students.

I would be happy to discuss these matters with you or your representative. Thank you.

Date: November 4, 1996

Subject: Course Revision Proposals

To: Dr. Krish Krishnan, Chairperson
Department of Marketing

From: Donald Walker, Chairperson 
Department of Economics

Please find attached our course revision proposals for EC 345/346 International Economics I & II. As the attached summary indicates, the Department of Economics proposes to move from the current theory/application division of topics in these courses to a more traditional micro/macro split.

Your department may be affected by the proposed revision because EC 345 is listed as a controlled elective in the B.S. program in Marketing. I would appreciate your review of the proposal and your writing me a letter of support. As you know, the University-wide Undergraduate Curriculum Committee requires letters of support for such a course revision. If, on the other hand, you have any reservations about our plans, please let me know directly so that we may address them.

If the proposal is approved by the University Senate, we recommend that you add the revised EC 346 to your list of controlled electives for the B.S. in Marketing, since 346 would cover some of the topics currently taught in EC 345.

I would be happy to discuss these matters with you or your representative. Thank you.

Date: November 4, 1996

Subject: Course Revision Proposals

To: Dr. Terry Ray, Chairperson
Department of Finance and Legal Studies

From: Donald Walker, Chairperson *Daw*
Department of Economics

Please find attached our course revision proposals for EC 345/346 International Economics I & II. As the attached summary indicates, the Department of Economics proposes to move from the current theory/application division of topics in these courses to a more traditional micro/macro split.

Your department may be affected by the proposed revision because EC 345 is listed as a controlled elective in the B.S. program in Finance. I would appreciate your review of the proposal and your writing me a letter of support. As you know, the University-wide Undergraduate Curriculum Committee requires letters of support for such a course revision. If, on the other hand, you have any reservations about our plans, please let me know directly so that we may address them.

If the proposal is approved by the University Senate, we recommend that you add the revised EC 346 to your list of controlled electives for the B.S. in Finance, since 346 would cover some of the topics currently taught in EC 345.

I would be happy to discuss these matters with you or your representative. Thank you.