

LSC Use Only Proposal No:

LSC Action-Date: AP-4/25/13

UWUCC Use Only Proposal No: 12-1219

UWUCC Action-Date: App-5/7/13

Separate Action Date: APP-9/10/13

Curriculum Proposal Cover Sheet - University-Wide Undergraduate Curriculum Committee

Contact Person(s) Stephanie M. Brewer Jozefowicz	Email Address Stephanie.Jozefowicz@iup.edu
Proposing Department/Unit Economics	Phone 724-357-2640

Check all appropriate lines and complete all information. Use a separate cover sheet for each course proposal and/or program proposal.

1. Course Proposals (check all that apply)

New Course Course Prefix Change Course Deletion
 Course Revision Course Number and/or Title Change Catalog Description Change

Current course prefix, number and full title: ECON 346 International Finance

Proposed course prefix, number and full title, if changing:

2. Liberal Studies Course Designations, as appropriate

 This course is also proposed as a Liberal Studies Course (please mark the appropriate categories below) Learning Skills Knowledge Area Global and Multicultural Awareness Writing Intensive (include W cover sheet) Liberal Studies Elective (please mark the designation(s) that applies – must meet at least one) Global Citizenship Information Literacy Oral Communication Quantitative Reasoning Scientific Literacy Technological Literacy

3. Other Designations, as appropriate

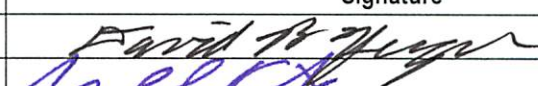
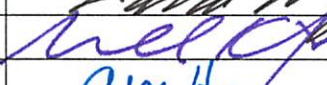
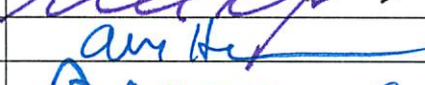
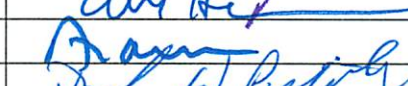


 Honors College Course Other: (e.g. Women's Studies, Pan African)

4. Program Proposals

 Catalog Description Change Program Revision Program Title Change New Track New Degree Program New Minor Program Liberal Studies Requirement Changes Other

Current program name:

Proposed program name, if changing:

5. Approvals	Signature	Date
Department Curriculum Committee Chair(s)		4-3-13
Department Chairperson(s)		4/3/13
College Curriculum Committee Chair		4-3-13
College Dean		4/5/13
Director of Liberal Studies (as needed)		5/1/13
Director of Honors College (as needed)		
Provost (as needed)		
Additional signature (with title) as appropriate		
UWUCC Co-Chairs		5/7/13

Received

MAY 1 2013

Liberal Studies

Received

APR 8 2013

Liberal Studies

Part II

1. New Syllabus of Record

I. Catalog Description

ECON 346: International Finance 3 class hours
0 lab hours
Prerequisites: ECON 121 and ECON 122 or 3 credits
instructor permission

(3c-0l-3cr)

A 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 Outcomes and Assessment (Expected Undergraduate Student Learning Outcomes—EUSLO).

At the end of the course, students will be able to:

Objective 1:

Break down the balance of payment tools used by economists to record and report international financial settlements.

Expected Undergraduate Student Learning Outcomes 1 and 2:

Informed and Empowered Learners

Rationale:

Lectures, readings, and associated assignments will develop widely used theoretical models that will allow the student to understand the basic balance of payments (BOP) terminology and methods. Through the use of these methods, students will gain insight into observed foreign investment patterns. Assignments will require students to use BOP methods to critically evaluate the potential issues posed by both hypothetical and real-world events. Assignments will require students to use, analyze, and interpret numerical and graphical data.

Objective 2:

Examine the foreign exchange markets and theories that explain how the exchange rate of currencies are determined.

Expected Undergraduate Student Learning Outcomes 1 and 2:

Informed and Empowered Learners

Rationale:

Lectures, readings, and associated assignments will allow the student to gain insight into how foreign exchange markets operate. Through readings and assignments, students will be exposed to how to read foreign-exchange quotations, forward and futures markets, foreign-currency options, and arbitrage opportunities in these markets. Additional delineation across short-term and long-term exchange rate equilibria will be made including assessing the impact of inflation rate differentials and purchasing power parity across different nations. Assignments will require students to use the models to

critically evaluate the potential arguments in favor of different foreign-currency instruments. Assignments will require students to use, analyze, and interpret numerical and graphical data.

Objective 3:

Analyze the balance of payments disequilibria, their impact on the domestic economy, why they require international adjustments, and international adjustment policies.

Expected Undergraduate Student Learning Outcomes 1 and 2:

Informed and Empowered Learners

Rationale:

Lectures, readings, and associated assignments will develop widely used theoretical models that will allow the student to understand how price adjustment, income adjustment, and monetary adjustment mechanisms function. Discussion will include the potential winners and losers from exchange-rate fluctuations. Students will explore the elasticity, absorption, and monetary approaches to currency depreciation. Assignments will require students to use the models to critically evaluate the potential arguments in favor of the different international finance mechanisms and approaches. Assignments will require students to use, analyze, and interpret numerical and graphical data.

Objective 4:

Evaluate the different types of exchange systems and the impact of currency crises.

Expected Undergraduate Student Learning Outcomes 1, 2 and 3:

Informed, Empowered, and Responsible Learners

Rationale:

Lectures, readings, and associated assignments will allow the student to better understand the pros and cons across fixed, floating, managed, and crawling-peg exchange rate systems. Of particular interest is the evolution of various currency crises and the impact of currency crises on the residents of a domestic economy. Assignments will require students to use the models to critically evaluate the potential arguments in favor of the different exchange rate systems. Assignments will require students to use, analyze, and interpret numerical and graphical data.

Objective 5:

Identify the basic macroeconomic policy tools available in an open economy, the relationship between exchange rate policies and macroeconomic stability, and economic policy coordination across countries.

Expected Undergraduate Student Learning Outcomes 1, 2, and 3:

Informed, Empowered, and Responsible Learners

Rationale:

Lectures, readings, and associated assignments will develop widely used theoretical models that will allow the student to understand the impact of macroeconomic policy across closed versus open economies. Of particular interest is exchange rate policies and macroeconomic stability in a domestic economy. Additionally, discussion will focus on how countries can attempt to coordinate international economic policy. Assignments will require students to use the models to critically evaluate the potential problems posed by both hypothetical and real-world events. Assignments will require students to use, analyze, and interpret numerical and graphical data.

Objective 6:

Outline the evolution of international banking and current issues.

Expected Undergraduate Student Learning Outcomes 1, 2, and 3:

Informed, Empowered, and Responsible Learners

Rationale:

Lectures, readings, and associated assignments will develop widely used theoretical models that will allow the student to understand the historical evolution of the international banking system. Additionally, discussion will focus on lending risks, problems associated with international debt. Assignments will require students to use the models to critically evaluate the potential problems posed by both hypothetical and real-world events. Assignments will require students to use, analyze, and interpret numerical and graphical data.

III. Course Outline

- A. The Balance of Payments (BOP) (5 hours [5])
 - 1. BOP Structure
 - 2. Current Account Deficits and Surpluses
 - 3. Balance of International Indebtedness

- B. Foreign Exchange Markets and Long-term Exchange-Rate Determination (9 hours [14])
 - 1. Instruments of Foreign Exchange
 - 2. Arbitrage, Spot and Forward Foreign Exchange Transactions
 - 3. Determination of Equilibrium Exchange Rates
 - 4. Determining Long-term Exchange Rates
 - 5. Inflation Rate Differentials
 - 6. Purchasing Power Parity

- Exam 1** (1 hour [15])

- C. International Adjustments and the Balance of Payments (8 hours [23])
 - 1. Automatic Adjustment Mechanisms
 - 2. Discretionary Adjustment Mechanisms
 - 3. Impact of Currency Appreciation and Currency Depreciation
 - 4. Exchange Rate Pass-Through

- D. Exchange-Rate Systems and the Currency Crisis (9 hours [32])
 - 1. Introduction to Exchange Rate Systems
 - 2. Fixed Exchange-Rate System
 - 3. Floating Exchange Rates
 - 4. Managed Floating Rates
 - 5. Currency Crises

- Exam 2** (1 hour [33])

- E. Macroeconomic Policy in an Open Economy
 - 1. Aggregate Demand and Aggregate Supply
 - 2. Monetary and Fiscal Policy in a Closed Economy
 - 3. Monetary and Fiscal Policy in an Open Economy
 - 4. Exchange Rate Policies and Macroeconomic Stability

5. International Economic-Policy Coordination

- F. International Banking: Reserves, Debt, and Risk (9 hours [42])
1. Nature of International Reserves
 2. Demand for International Reserves
 3. Supply of International Reserves
 4. The Gold Standard Years
 5. Demonetization of Gold
 6. Facilities for Borrowing Reserves
 7. International Lending and Debt Issues

Final Exam (During Finals Week) (2 hours)

IV. Evaluation Methods

Homework and/or In-class Assignments: 15% of overall grade. Objective homework/in-class assignments will be administered for each chapter covered in the text. The homework/in-class assignments will involve a mixture of questions relating to knowledge of core concepts, quantitative analysis, the application of theoretical models developed in class, and the critical evaluation of outside articles.

Writing Assignments: 10% of overall grade. Periodically, writing assignments will be made. The length of assignments will be specified at the time the assignment is given. Writing assignments will be graded on the basis of organization, content, grammar, and punctuation. You may hand in a rough draft of any writing assignment one week before the due date for instructor feedback regarding the quality of your work and suggestions for improvement.

Content Exams: 50% of overall grade. There will be two content exams (each worth 25% of the overall grade) throughout the semester. The content exams will not be comprehensive, meaning that each of the content exams will only cover the information discussed in the prior section(s). Exam questions will stress analysis including short essay questions, numerical problem solving, and defining economic terms or concepts. Using graphs to illustrate your reasoning is a critical part of answering most short essay questions.

Final Exam: 25% of overall grade. The final exam will be scheduled for finals week. The final exam will have the same format as the major exams. The final exam will be comprehensive, covering all of the course material for the whole semester. Exam questions will stress analysis including short essay questions, numerical problem solving, and defining economic terms or concepts. Using graphs to illustrate your reasoning is a critical part of answering most short essay questions.

V. Grading Scale

Grading: Grades will be assigned using the standard scale. Your total number of points will be averaged, and letter grades will be assigned as follows:

- A = 90 to 100%
- B = 80 to 89%
- C = 70 to 79%

D = 60 to 69%
F = Below 60%

VI. Attendance Policy

To be consistent with the Undergraduate Course Attendance Policy as outlined in the IUP Undergraduate Catalog.

VII. Required Course Material

(Text) Carbaugh, Robert. *International Economics*. 14th ed. South-Western, Cengage Learning. 2013.

Supplemental articles will be assigned through the semester and either distributed in class or made available on-line.

VIII. Special Resource Requirements

None

IX. Bibliography

Textbooks

Appleyard, Dennis R., and Alfred J. Field. *International Economics*. 8th ed. McGraw-Hill Higher Education, 2014. Print.

Carbaugh, Robert. *International Economics*. 14th ed. South-Western, Cengage Learning. 2013. Print.

Caves, Richard E., Jeffrey A. Frankel, and Ronald W. Jones. *World Trade and Payments: An Introduction*. 10th ed. Prentice Hall. 2007. Print.

Daniels, Joseph P., and David D. VanHoose. *International Monetary & Financial Economics*. Prentice Hall. 2014. Print.

Feenstra, Robert C., and Alan M. Taylor. *International Economics*. 2nd ed. Worth Publishers. 2011. Print.

Gerber, James. *International Economics*. 6th ed. Prentice Hall. 2014. Print.

Husted, Steven, and Michael Melvin. *International Economics*. 9th ed. Prentice Hall. 2013. Print.

Krugman, Paul R., Maurice Obstfeld, and Marc Melitz. *International Economics*. 9th ed. Prentice Hall. 2012. Print.

McLaren, John. *International Trade*. John Wiley & Sons. 2013. Print.

Melvin, Michael, and Stefan C. Norrbin. *International Money and Finance*. 8th ed. Academic Press. 2012. Print.

Pugel, Thomas. *International Economics*. 15th ed. McGraw-Hill Higher Education, 2012. Print.

Salvatore, Dominick. *International Economics*. 11th ed. John Wiley & Sons. 2013. Print.

General Readings

Eisen, Sara. *Currencies after the Crash: The Uncertain Future of the Global Paper-Based Currency System*. McGraw-Hill Higher Education. 2013. Print.

Greenaway, David. *The World Economy: Global Trade Policy 2012*. Wiley-Blackwell. 2013. Print.

Harold, James. *Making the European Monetary Union*. Harvard University Press. 2012. Print.

King, Philip G., and Sharmila Kumari King. *International Economics, Globalization, and Policy: A Reader*. 5th ed. McGraw-Hill Higher Education. 2009. Print.

Marthinsen, John E. *Managing in a Global Economy: Demystifying International Macroeconomics*. South-Western, Cengage Learning. 2008. Print.

Orlik, Thomas. *Understanding China's Economic Indicators: Translating the Data into Investment Opportunities*. FT Press. 2012. Print.

Warburton, Christopher E. *LSC ICJ701: The Delicts & Criminal Laws of International Economic Relations*. McGraw-Hill Higher Education. 2012. Print.

Part II

2. Summary of the proposed revisions.

1. Objectives and Course Outline– the course objectives and course outline were revised from the original syllabus of record to be more student-centered and to better reflect current emphases of the course. Additional objectives were added to better align the stated objectives with the course outline. Furthermore, objectives were aligned with the Expected Undergraduate Student Learning Outcomes (EUSLOs) for a Liberal Studies Global and Multicultural Awareness course.
2. EUSLOs for Global and Multicultural Awareness courses are met in the content portion of this course (not necessarily a specific revision but it should be noted that the objectives for the new curriculum have been met). These objectives are:

EUSLOs for Global and Multicultural Awareness:

As Informed Learners, students will demonstrate knowledge and understanding of:

- The interrelationships within and across cultures and global communities

As Empowered Learners, students will demonstrate:

- Critical thinking skills including analysis, application, and evaluation
- Reflective thinking and the ability to synthesize information and ideas

As Responsible Learners, students will demonstrate:

- An understanding of themselves and a respect for the identities, histories, and cultures of others.

An examination of global issues is specifically addressed in the international finance content of the course. A better understanding of the winners and losers as international monetary relationships change should enable students to be more informed voters as international finance is a regularly repeated theme in national elections. After graduation, students may go to work for a multinational corporation and/or for a company involved in the export/import sector. Whether directly working in a business environment dealing with export/imports, all students will have to continue to navigate living in a global economy.

Repeated interpretation and analysis of international economic data from tables and charts occurs throughout the course. Across countries from foreign holders of U.S. Securities, to foreign exchange rate quotations, to the price of a Big Mac, to long-run price elasticities of demand for total imports and exports, the textbook presents a variety of summary data taken from the World Bank, the International Monetary Fund, the U.S. Department of Commerce, the U.S. Federal Reserve, the U.S. Treasury Department, and other sources. International data is consistently addressed in the textbook and in class discussion as part of illustrating economic theory.

The department felt that this was an appropriate time to propose inclusion into the GMA category since we were revising the class to comply with the new Liberal Studies criteria.

3. Updated textbook reading to a more current book.

4. Updated and added to bibliography.

Part II.

3. Justification/Rationale for the revision.

The course was not previously included in the set of Non-Western cultures classes. Nevertheless, given the new curriculum criteria for the Global and Multicultural Awareness category, we believe the course satisfies the criteria and should be included as an option for students to satisfy their degree requirements.

Part II.

4. Old Syllabus of Record

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** (3½ 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** (3½ 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.

Assignment Instructions & Grading for one of the Major Course Assignments

Homework Assignment # 1

Part I: Multiple choice questions (60%)

1. Sovereign nations:
 - a. Are subject to laws passed by the United Nations.
 - b. Must be concerned with the interests of foreigners when developing economic policy.
 - c. Often ignore the interests of foreigners.
 - d. Must coordinate their monetary policy with the World Bank.
2. The Chinese government's intervention in the foreign exchange market - buying U.S. dollars and selling Yuan – had the effect of:
 - a. Weakening the U.S dollar and increasing the U.S. trade deficit with China.
 - b. Strengthening the U.S dollar and increasing the U.S. trade deficit with China.
 - c. Strengthening the yuan and increasing the U.S. trade deficit with China.
 - d. Strengthening the yuan and decreasing the U.S. trade deficit with China.
3. On July 21st, 2005, the Chinese government changed the value of the Yuan from 8.28 Yuan per U.S. dollar to 8.11 Yuan per U.S. dollar. This implies a _____ dollar and a _____ Yuan.
 - a. Weaker; weaker
 - b. Weaker; stronger
 - c. Stronger; stronger
 - d. Stronger; weaker
4. Since the late nineties, to keep the exchange rate of the Yuan to the U.S. dollar fixed, the Chinese government:
 - a. Has been trying to hold predominantly euros and British pounds as foreign assets.
 - b. Has been buying dollars and selling Yuan.
 - c. Has been trying not to sell its domestic currency (Yuan).
 - d. Has been keeping a trade deficit with many countries including Australia, Russia, Japan, and Brazil.
5. The exchange rate policy of a “crawling peg” adopted by the Chinese government since 2005 means that the government:
 - a. Allowed small daily changes which over time resulted in a slow, tightly controlled trend.
 - b. Vehemently defended the yuan by selling U.S. dollars.
 - c. Held a balanced portfolio of assets including a variety of foreign currencies.
 - d. Tried to unwind the trade surplus with the U.S
6. Fiscal policy refers to the
 - a. Manipulation of the money supply in order to increase the amount of paper currency in circulation.
 - b. Adjustment of government spending and taxes in order to achieve certain national economic goals.
 - c. Adjustment of national income data to account for price level changes.
 - d. Changing the way unemployment data is calculated so as to make it appear that unemployment is lower than it actually is.

7. Typical goals for fiscal policy are
 - a. High employment and price stability.
 - b. High prices for consumers and low prices for businesses.
 - c. Running high deficits and raising consumer prices.
 - d. Increasing the money supply and raising taxes so the government can spend more.

8. Which of the following is an example of fiscal policy?
 - a. A reduction in the federal funds rate.
 - b. A reduction in the money supply.
 - c. A reduction in lump-sum taxes.
 - d. An increase in the physical stock of capital.

9. The government has decided to give every person in the U.S. a \$5 coupon that they can use at the grocery store to purchase their choice of cheese. We would expect this policy to lead to
 - a. An increase in aggregate demand equivalent to the full impact of all of the coupons redeemable.
 - b. No increase in aggregate demand due to the Ricardian equivalence theorem.
 - c. No increase in aggregate demand because there would be no direct expenditure offset.
 - d. An increase in aggregate demand but not equivalent to the full impact of all of the coupons redeemed due to some direct expenditure offset.

10. Because of crowding out,
 - a. Expansionary fiscal policy during a recession must involve a tax increase.
 - b. Expansionary fiscal policy during a recession is reinforced by private investment spending.
 - c. Expansionary fiscal policy is diluted by the decline in investment spending caused by higher interest rates.
 - d. Expansionary fiscal policy is completely achieved even with a decline in investment spending.

11. The purchase of government bonds by the Fed leads to a(n)
 - a. Increase in the supply of bonds and a decrease in bond prices.
 - b. Decrease in the supply of bonds and an increase in bond prices.
 - c. Increase in the demand of bonds and a decrease in the price of bonds.
 - d. Decrease in the demand of bonds and an increase in the price of bonds.

12. An increase in the reserve requirement will
 - a. Increase interest rates.
 - b. Reduce interest rates.
 - c. Leave interest rates unchanged.
 - d. Increase the price of bonds.

13. If the Fed thought the economy was experiencing a recessionary gap, and it wanted to correct this gap, it would
 - a. Sell bonds.
 - b. Lower the differential between the discount rate and the federal funds rate.
 - c. Raise the reserve requirement.
 - d. Increase aggregate supply.

14. Suppose the economy is operating below its full employment level. By using an expansionary monetary policy, the Fed can
 - a. Raise real GDP without increasing the price level.
 - b. Raise real GDP and the price level.
 - c. Raise real GDP and decrease the price level.
 - d. Raise the price level alone, but cannot increase real GDP

15. As a result of contractionary monetary policy
 - a. Interest rates fall, the dollar depreciates, and domestic goods become cheaper thereby reducing net exports.
 - c. Interest rates rise, the dollar appreciates, domestic goods become more expensive thereby reducing net exports.
 - d. Interest rates rise, the dollar appreciates, and domestic goods become cheaper, thereby reducing net exports.
 - e. Interest rates rise, the dollar appreciates, and domestic goods become cheaper, thereby increasing net exports.

Part II: Short answer questions (40%)

*To answer these questions you have to **read the book and consult your notes**. Please, in each case, indicate which pages of the book you referenced in writing your answer.*

1. Politicians do not erect barriers to trade with other countries because they are also concerned with the well-being of foreigners. Is this statement true or false? Explain.

2. The World Trade Organization, the International Monetary Fund, the United Nations, and the World Bank control the international economy by imposing binding rules that control international trade and exchange markets. Is this statement true or false? Explain.

3. Labor may be internationally mobile, but capital and land do not migrate from one country to another. Is this statement true or false? Explain.

Liberal Studies Course Approval General Information

1. Economics 346 (ECON 346) is a multiple-instructor course. It will count as a controlled elective option for economics majors, as well as students in various other programs. The Economics Department will assure across instructors basic equivalency in objectives, content, assignments, and evaluation by holding regular discussions on these matters at department meetings. Furthermore, the Department of Economics has found that this assurance of equivalency has been aided greatly by the program-level assessment of student learning.

2. All sections of ECON 346 will include perspectives and experiences of diverse peoples and cultures, including ethnic and racial minorities and women. Much of the economic modeling is applicable across many countries and practices. Care will be taken to help students not only evaluate international finance issues through a Western, developed country perspective but to also try to look at topics of debate from the perspective of non-Western, less developed countries. Even for content areas that may initially seem as if they are being presented from a Western lens, there are a range of critical extensions to the broader global community. For example, the presence of the fixed exchange regime imposed by the European Union has had a major impact on the decisions facing policymakers in European periphery nations such as Greece and Spain which, in turn, have had a profound impact on the day-to-day lives of these nation's citizens. Also, a number of Latin American nations have either turned to or strongly considered currency boards and/or dollarization to promote economic stability and improve social welfare. Furthermore, students will examine how nations face an "impossible trinity" in international finance, having to choose between two of: capital mobility, independent monetary policy, and a fixed exchange rate regime. This allows students to compare and contrast the regime chosen by the U.S. to those in place in economies such as China and Hong Kong. Students will also be introduced to basic international finance challenges facing developing countries.

3. Students in ECON 346 will be assigned several outside readings, usually consisting of collections of articles from the business press pertaining to current issues in international trade. Specific examples may include news article and/or op-ed pieces from national news sources such as *The New York Times*, *The Washington Post*, and *The Wall Street Journal*. Students will be assigned to investigate domestic and international agencies/organizations with interest in and jurisdiction over international finance issues such as the Division of International Finance under the U.S. Federal Reserve System

(<http://www.federalreserve.gov/econresdata/ifstaff.htm>), the International Monetary Fund (<http://www.imf.org/external/index.htm>), the United Nations Financing for Development Office (<http://www.un.org/esa/ffd/>), the World Bank (<http://www.worldbank.org/>), the Bank for International Settlements (<http://www.bis.org/>), the Economic and Financial Affairs division of the European Commission (http://ec.europa.eu/economy_finance/index_en.htm), the European Bank for Reconstruction and Development (<http://www.ebrd.com/pages/homepage.shtml>), the European Central Bank (<http://www.ecb.eu/home/html/index.en.html>), the African Development Bank (<http://www.afdb.org/en/>), the Asian Development Bank (<http://www.adb.org/>), the Caribbean Development Bank (<http://www.caribank.org/>), and the InterAmerican Development Bank (<http://www.iadb.org/en/inter-american-development-bank,2837.html>). Additionally, students may be asked to read or complete assignments involving research articles available through the IUP Libraries electronic data bases and/or book collection and/or interlibrary loan.

4. This course is not required of all majors in the department. This course does require prior completion of both Principles of Macroeconomics and Principles of Microeconomics to establish fundamental economic language and theory on which this course will continue to build. This course does not serve as a prerequisite for any subsequent IUP economics course.

Checklist for Global and Multicultural Awareness Course Proposals

1. X Review the Criteria for Global and Multicultural Awareness – particularly note the section on Differentiating the Global Citizenship competency and the Global and Multicultural Awareness category.
2. X Follow the 2012 Undergraduate Curriculum Handbook for new (p. 20-27) or revised courses (p. 15-19).
3. X Use the new Curriculum Proposal Cover Sheet (interactive PDF or word document – available at <http://www.iup.edu/senate/uwucc/default.aspx>).
4. X Course Outcomes and Assessment (Section II, The Syllabus of Record - p. 23 and 85 in UWUCC Handbook) map to the three required Global and Multicultural Awareness Expected Undergraduate Student Learning Outcomes (EUSLOs): Informed Learners (I), Empowered Learners (II), and Responsible (III) Learners. <http://www.iup.edu/page.aspx?id=113234>.
5. X Course content – meets the required course content for a Global and Multicultural Awareness course. While the course outline may not explicitly state the items in the required content, it needs to be clear that the content of the course attempts to address these required elements. <http://www.iup.edu/page.aspx?id=113234>.
6. X Proposal includes the assignment instructions for one of the major course assignments and a grading rubric or grading criteria for that assignment (p. 33 UWUCC Handbook).
7. X Proposal includes the answers to the four Liberal Studies questions (p. 91 UWUCC Handbook).
8. X Proposal meets the spirit of Liberal Studies (p. 30 UWUCC Handbook).

If this is a course revision (p. 18 UWUCC Handbook)

9. X Summary of the proposed revisions – address how the revisions are meeting the various required course content elements and the EUSLOs for Global and Multicultural Awareness category.
10. X Justification/rationale for the revision – include any departmental discussions of the overall offerings of their Liberal Studies Courses and why this course is included in those offerings.
11. X The old syllabus of record.
12. X Review the Liberal Studies course approval checklist (p. 90 UWUCC Handbook).