Objectives: The goal is to understand what determines a country’s exchange rate, trade balance, and national output. The first portion of the course will lay out several useful theories regarding these variables, and the second portion will help you assemble these theories into an overall analytical framework usable for policy analysis. The third portion of the course will challenge you to apply this analytical framework to several current and historical policy issues.

Prerequisites: The course will be taught at an intermediate level. Prerequisites are intermediate microeconomics (100) and intermediate macroeconomics (101).


Web Page: For lecture outlines, homework assignments, solution keys, calendar of due dates, and practice exams see: http://old.econ.ucdavis.edu/faculty/bergin/ECON160B

Outline of Topics:

1) Introduction to exchange rates (chapter 2)
2) The monetary approach to exchange rates (chapter 3)
3) The asset approach to exchange rates (chapter 4)
4) National and international accounts (chapter 5)
5) Macroeconomic policies (chapter 7)
6) History of the international monetary system (chapter 8)
7) European monetary union (chapter 10)
8) Currency Crises (chapter 9)
9) The gains from financial globalization (chapter 6, as time permits)

Evaluation:
The course grade is based on 5 homework assignments, 2 midterm exams, and a comprehensive final exam. The overall score will be computed as whichever of the following is higher:

1) 10% homework + 25% Midterm 1 + 25% Midterm 2 + 40% Final
2) 10% homework + 25% Midterm 1 + 65% Final
3) 10% homework + 25% Midterm 2 + 65% Final

Exams are scheduled for the following dates. No makeup exams will be given.

<table>
<thead>
<tr>
<th>Exam</th>
<th>Date</th>
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<tbody>
<tr>
<td>Midterm 1</td>
<td>April 26, in class</td>
</tr>
<tr>
<td>Midterm 2</td>
<td>May 20, in class</td>
</tr>
<tr>
<td>Final</td>
<td>June 8, 8-10AM, Storer 1322</td>
</tr>
</tbody>
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(3/20/13)