

ITRN 503-001: INVESTMENT AND MACROECONOMICS FOR INTERNATIONAL COMMERCE **George Mason University: The School of Public Policy** **Fall 2002**
Classroom: ARL 268 Time: 7.20-10.00 pm Thursdays
Professor: **G. Chris Rodrigo** Tel: 703-993-8223 E-mail: crodrigo@gmu.edu
Office hours: Monday: 5.15 – 7.15 p.m., Thursday: 5.15 – 7.15 p.m or by appointment.

Objectives and content

This course aims to provide an introduction to basic macroeconomic theory and key concepts in international finance. It is a necessary prerequisite to understanding the stability and regulation of national economies, the international financial system and processes of globalization. Basic topics in open economy macroeconomics will be covered. These are: the money supply, the balance of payments, exchange rate systems, national income accounting, Keynesian and monetarist theories, the role of the governments, the international financial system and the logic of financial crises. Students will learn to read and interpret economic statistics.

Instructional method and grading

The course will be taught by the case method, using Harvard Business School cases. Since class discussion based on the assigned readings is central to the instructional method, it is essential that each student be thoroughly familiar with the readings and be ready to participate in the discussion. A significant part of the grade will be based on contributions to discussion and responses to questions. Students will be provided a basic framework in advance for analyzing each case. The final grade will be made up as follows.

Class discussion and short exercises	20 %
Mid-term exam	40 %
Final exam	40 %

In-class or take home exercises. Some short exercises will be assigned over the duration of the course, to ensure that the basic concepts are assimilated. All take home work must be handed in as hard copies, typed or printed, with a 12 point font and one inch margins. All sources must be cited in full. E-mailed or faxed submissions of take home work will not in general be accepted.

Students are encouraged to contact the instructor either individually or in groups for topics that need clarification or any other issue or problem. Consultations are by appointment.

Cases and supplementary readings (No required texts for this course)

Required case material: Required cases will be available about one week after classes start.

Optional texts for reference (do not purchase): use Mankiw (M), *Principles of Economics* for macroeconomics and Kreinin (K), *International Economics: a Policy Approach* for international finance, if you have these. Other books can be substituted for Mankiw and Kreinin.

Class schedule, readings and cases

Supplementary reading

W1. Measuring the wealth of nations; introduction to economic analysis and economic data.
National income accounting (9-797-075)
Guide to economic resources on the Internet. (9-796-150)

Mankiw Chs 22-24

- W2. Savings, investment and the financial system.
Fiscal policy: Managing aggregate demand. (9-797-076)
Economics: an introduction and vocabulary. (9-383-079)
- W3. Estimating productivity growth
Accounting for productivity growth (9-794-051)
Singapore (9-793-096)
- W4. Keynesian economics
Note on fiscal policy 1937 - 1961 (9-383-087).
Note on the New Deal: from the first to the second “hundred days” (9-382-115)
- W5. Balance of payments accounting
(Introduction to) Balance of payments (9-384-005)
Kennedy and the balance of payments (9-383-073).
- W6. Supply side economics
The Reagan plan (9-381-173)
- W7. **First examination (in-class).**
- W8. Globalization
Perspectives on globalization (9-701-048)
Economic evidence on the globalization of markets (9-701-015)
- W9. Third World debt
Exchange rate terminology and analytics (9-701-121)
Argentina’s convertibility plan (9-702-002)
- W10. Financial reform in Japan
Japan: “free, fair and global” (9-798-083)
- W11. The international financial system.
Currency crises (9-799-088);
Note on currency crises (9-799-089)
Responding to 21st century financial crises (9-798-090)
- W12. New emerging markets
Brazil: embracing globalization (9-701-104)
- W13. New thinking in macro-theory
Market failures (9-700-127)
- W14. Review class

Final examination