

# **Economia Internacional II / International Economics II (21950)**

UPF 2014/15, 3<sup>rd</sup> Term – ADE/ECO/IBE 3-4 (group 1: English; group 2: Spanish)

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## **Description**

This course is an introduction to macroeconomic and financial relations of an open economy. The core objective of the course is to develop macroeconomic models of open economies that can be applied to study the interplay of monetary policy, exchange rates, international financial markets, monetary systems, currency areas, deficits and debt, financial crises, output fluctuations, and related issues.

## **References**

Paul R. Krugman, Maurice Obstfeld, and Marc J. Melitz (KOM), *International Economics: Theory and Policy*, 9th edition, Addison-Wesley, 2009

[Spanish edition: *Economía internacional: teoría y política*, 9<sup>a</sup> ed., Pearson, 2012 ]

Additional readings may be assigned and will be made available (together with slides, assignments, etc.) on the course website (Aula Global).

## **Course Outline**

- 1. National Income Accounting and the Balance of Payments**
  - KOM, Ch. 13
- 2. Exchange Rates and the Foreign Exchange Market: An Asset Market Approach**
  - KOM, Ch. 14
- 3. Money, Interest Rates, and Exchange Rates**
  - KOM, Ch. 15
- 4. Price Levels and the Exchange Rate in the Long Run**
  - KOM, Ch. 16
- 5. Output and the Exchange Rate in the Short Run**
  - KOM, Ch. 17
- 6. Fixed Exchange Rates and Foreign Exchange Intervention**
  - KOM, Ch. 18
- 7. International Monetary Systems: An Historical Overview**
  - KOM, Ch. 19
- 8. Optimum Currency Areas and the European Experience**
  - KOM, Ch. 20

## **9. Financial Globalization: Opportunity and Crisis**

- KOM, Ch. 21

## **10. Developing Countries: Growth, Crisis, and Reform**

- KOM, Ch. 22

## **Evaluation**

The grade of the course will be based on:

- **Continuous evaluation: 25%**  
(includes Problem Sets and active participation to Seminars)
- **Final Exam: 75%**

Note:

1. To pass the course, besides having a weighted average of at least 5 (over 10), it is necessary to score a minimum of 4 out of 10 in the final exam (otherwise the grade from continuous evaluation will not count).
2. You can form small stable groups of max. 3 students to work on Problem Sets (in which case you will upload in Aula Global each time only one file with the names of all the authors). Everybody must attend seminars in the group to which they have been assigned and participate actively to the discussion of exercises and readings.

## **Recuperation exam**

Students who participate in all the activities that are evaluated and take the final exam but do not pass the course at the end of the term, will have a second chance to pass the course by retaking the final exam at some date in July (to be determined by the university). The grade from continuous evaluation will still count for 25% if and only if the score of the recuperation exam is at least 4 out of 10.