

Internacional Economics II (21950)
2012-2013

Lecturer: Marcelo Soto
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Course Objectives: To understand recent events in the international economy in the context of existing theoretical knowledge and empirical evidence.

It is important to have a good command of basic mathematical techniques, although the aspects necessary to take full advantage of the subject will be revised during the course.

No practical assignments are required for this course. However, regular attendance at theoretical lessons and seminars is essential.

Base Textbook : Paul Krugman and Maurice Obstfeld, "International Economics: Theory and Policy ", 5th edition, Addison-Wesley.

Topics

1. Introduction – Globalization
 - International Monetary Fund (2008): Globalization: A Brief Overview
 - Stanley Fischer (2003): "Globalization and its challenges", American Economic Review 93(2).
2. Determination of short and long term exchange rates.
 - Krugman and Obstfeld, Chapters 13 (pages 352-367) and 14.
3. Overshooting model.
 - Rudiger Dornbusch, "Expectations and Exchange Rate Dynamics", The Journal of Political Economy, Vol. 84, No. 6, Dec., 1976, páginas 1161-1176.
4. Fixed exchange rate - Central Bank Intervention
 - Krugman and Obstfeld, Chapter 17
5. Flexible Exchange - International Coordination.
 - Krugman-Obstfeld, Chapter 19
6. Operating and capital market issues.
 - Krugman-Obstfeld, Chapter 21
 - Dani Rodrik, "Who needs capital account convertibility?" (on the author's website)

1. Empirical evidence shows a close relationship between a student's final grade and his/her regular attendance at practical classes. It is likely that the correlation will be close in this subject.

7. Recent balance of payments crisis
 - Krugman-Obstfeld, Chapter 22
8. The current crisis: causes and consequences
 - Paul Krugman: "How did economists get it so wrong?" (on the author's website)
9. Review and revision

Practical seminar dates:

1. 24 April
2. 8 May
3. 15 May
5. 29 May
6. 5 June

Tutorials

Students who are interested can request a tutorial by email or in person and we will schedule an appointment. Students who may have questions or problems with the course are advised to take the opportunity to request a tutorial.

Assessment

Assessment will be based on a mid-term exam with a weighting of 40%, mandatory attendance at seminars (10%) and a final examination with a weighting of 50%. If a student does not sit any of these exams he/she will have a grade of 0 ("exam not sat"). If the final weighted average is less than 5.0, the student may take the rest examination on a date to be determined (in July), which will have a weighting of 100%. Students must have completed the final exam to sit this exam.

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