

**INTERNATIONAL MACROECONOMICS I 2013-21204
UPF**

Language of Instruction: English

Course Meeting times and place: Mondays and Tuesdays 15.30-17.00, Campus Ciutadella, Room 20.051.

Professor: Dragan Filipovich

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Contact Hours: by appointment

Course Description

Succintly put, this course is about the simultaneous determination of nominal exchange rates, the price level and the aggregate level of economic activity in an open economy (i.e., an economy which trades with the rest of the world).

This course will follow closely the 2nd. part (monetary part) of

Krugman P., M. Obstfeld, and M.J. Melitz, *International Economics: Theory and Policy*. 9th. Edition. Pearson and Wesley, 2012.

The main material of the course corresponds to the chapters below. This basic material will be complemented with readings (mainly from the popular press) as the course progresses.

Prerequisites: The prerequisite for this course is a dedicated closed economy macro course.

TIMETABLE:

I) EXCHANGE RATES AND OPEN ECONOMY MACROECONOMICS

1.Week

Chapter 13: National Income Accounting and the Balance of Payments

2.Week

Chapter 14: Exchange Rates and the Foreign Exchange Market: An Asset Approach

3.Week

Chapter 15: Money, Interest Rates, and Exchange Rates

4.Week

Chapter 16: Price Levels and the Exchange Rate in the Long Run

5. Week

1st. Midterm (Monday, February 4).

Chapter 17: Output and the Exchange Rate in the Short Run

6.Week

Chapter 18: Fixed Exchange Rates and Foreign Exchange

II) INTERNATIONAL MACROECONOMIC POLICY

7.Week

Chapter 19: International Monetary Systems: An Historical Overview

8.Week

Chapter 20: Optimum Currency Areas and the European Experience

9.Week

Chapter 21: Financial Globalization, Opportunity and Crisis

10. Week

2nd. Midterm (Tuesday, March 12)

The pace of the course will be fast, practically one chapter per week. Please note that this leaves very little room for prevarication. I do advise you to keep up-to-date reading the relevant chapters, preferably *before* the class in which they are meant to be covered. As usual, the above time-schedule is indicative. More demanding chapters may take longer to go through than others.

Course Evaluation

The course will be evaluated on the basis of

- 1) 4 Homeworks (20% all) (assigned every week, starting out from the 3rd.)
- 2) Two Midterm Exams (15% each) (February 4 and March 12).
- 3) Final Exam (50%) (as scheduled by the university). (The 'recovery' exam will count just the same, 50%. To be precise, if you take the 'recovery' exam, then the grade you get in that exam will substitute for the grade of the final, and will count 50% of your final grade, regardless of whether it is higher or lower than the grade you got in the final. The overall average will be calculated in order to determine whether you pass or not –but now using the 'recovery' exam grade, instead of the final exam).

All grades will be averaged. In order to pass the course, I do not require a minimum grade in any exam. You will pass the course if and only if you get an average of 50% or more.

Note: In order to be able to take the 'recovery' exam, you must have participated in the course, and failed it (i.e., must have gotten an overall average of less than 50%). 'Participation' means, in this course, that you must have at least two recorded grades (out of the four grades which are averaged in order to determine your course grade -homeworks, two partials, one final).

On the homeworks:

The homeworks will consist of two types of questions: 1) 'Knowledge' questions (simple questions meant to help you absorb key concepts); and, 2) Somewhat more elaborate 'problem' questions meant to help you learn to use the concepts and tools you have learned. This 'problem' questions will often be based on additional readings assigned in class.

Each problem set will consist of 4-5 knowledge questions and 2-3 problem questions. The homework will be assigned Monday in the theory class, and must be handed-in at the beginning of the following practice session. It will be returned graded one week later at the start of the next practice class.

On the exams:

The first midterm will cover the material dealt with in class during the first four weeks. The second midterm will cover only the remaining material. The final will cover both parts of the course.

All exams will be fill-in/multiple-choice. Each midterm will have 10 questions each. Both midterms will be 45 minutes' exams, and will be returned graded one week later at the theory class following the exam. The final exam will have 20 questions, again fill-in/multiple choice.

Grading

As usual, passing grade is 5 (on a scale of 10).

Additional Literature:

For a rather different approach to international macro (in the jargon of economics, one with explicit microfoundations), you can take a look at

Schmitt-Grohe S. and M. Uribe, International Macroeconomics, 2012.

(This is a manuscript you can download from the authors' pages at the Dept. of Economics of Columbia University).

Operational Issues:

E-mail :

Often I will make use of email to send materials (homeworks, readings) and make announcements. The email announcements will repeat (usually) the announcements made in class. In case I announce something in class but not via email, the class announcement will control. No one will be excused because he or she was not present in class to hear the announcement.

Furthermore, I would like to kindly ask you to limit your use of email to situations of utter need. All petitions, in particular, should be made personally to me during class. Only in extraordinary cases, will I admit email petitions (and I will be the sole judge of what an extraordinary situation is –if an email does not fit this requirement, then I will simply ignore it). No academic explanations via email!

Please, use my personal email if you have to:

dbfilipovich@yahoo.com

Attendance

Students arriving more than ten minutes late to the class will not be admitted.

It is the students responsibility to keep informed about what the teacher said in class. As said, class announcements control. For time reasons, I will not be taking attendance. However, this does not exempt students from the obligation to attend class (and be prepared to answer questions and participate). This is not a long distance course. In fact, I will not be using Moodle, amongst other reasons, exactly to keep the course from becoming one.

Exam and Grade Revisions:

Exam revisions are meant to correct grading mistakes only, not to offer explanations about the material (use office hours for that), or even less, to question the teachers' criterium. As always, the teacher's criterium controls.

Any grade revisions (partial exams, homeworks) have to be requested in a timely fashion. To be precise, within the week following the return of the partial/homework. Complaints outside this period will not be considered.

Class Behaviour:

It is an unfortunate fact that there are always students who insist on talking practically non-stop during class. I have zero tolerance for that. It interferes with my concentration, and I am sure, with your fellow students' concentration as well. Besides, I take it as a lack of respect towards the lecturer (regardless of what exactly you are talking about - if you have questions about the material, ask me. I will be delighted to take them). Thus, after warning the talkers twice, the third time I will ask them to leave the classroom. Just do it. This will not have any further consequences (except of course, if I keep having to ask the same people again and again to leave –though such a thing has never happened).

Competencias: G1, G4, G7, G9, G20, G11 G13, G14, G18, G19 ,E1

- G1. Comprender e interpretar de manera pertinente y razonada textos escritos de nivel y carácter académicos.
- G4. Ser capaz de utilizar la lengua inglesa en todos los ámbitos laborales (leer, escribir y hablar en un registro alto)
- G7. Desarrollar la capacidad de razonamiento autónomo con distancia crítica en temas o cuestiones controvertidas.
- G9. Tener consolidados hábitos de autodisciplina, autoexigencia y rigor en la realización del trabajo académico, así como en la organización y en su correcta temporalización.
- G11. Ser capaz de aplicar con flexibilidad y creatividad los conocimientos adquiridos y de adaptarlos a contextos y situaciones nuevas
- G13. Demostrar un nivel de conocimientos suficientes para la actuación profesional

G14. Conocer los diferentes contextos en los que trabaja: la coyuntura económica, el sector, el mercado, la empresa y el departamento

G18. Aplicar los conocimientos y procedimientos relevantes a un abanico de situaciones complejas

G19. Identificar los factores claves de un problema

G20. Demostrar una aproximación crítica ante situaciones diversas

E1 Análisis de modelos del comercio internacional