International Economics
ACADEMIC YEAR 2014-2015

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Office Hours: by appointment

Course Description

Since markets are going global, it is relevant to understand the implications of such scenario on consumers, entrepreneurs, and governments. It is the purpose of this course to cover these topics, both from a theoretical and empirical point of view. Specifically, the course is divided into two blocks. The first one focuses on international trade. The second one addresses topics related to international financial issues.

Objective(s)

The main objectives of the course are: to learn how to think as an economist, to understand the interactions between countries and economic regions and to identify the economic consequences of globalization.

The contents of the course are:

1. The gravity model of world trade
2. The Ricardian model
3. The balance of payments
4. Nominal and real exchange rates
5. Purchasing Power Parity (PPP)
6. The currency market
7. Fixed exchange rates
8. The European Monetary System (EMS) and the Euro
9. Review of the Quantity theory of money and the IS-LM model
10. An open economy version of the IS-LM model
11. The anatomy of the 2008 international financial crisis and its current implications

Methodology

Lectures will combine theoretical models with real-live examples from present and past economic events. Discussion is encouraged.
Students will be asked to solve problem sets. These assignments are designed for practice and to further understand the topics discussed in class. Selected exercises will also be discussed in class.
Assignments are not handed-in, nor graded.
Evaluation criteria

The final grade will be determined by the weighted average of a midterm exam, a final exam and class participation. Additional assignments will provide extra credit.

- Midterm, Week 7, 20% of final grade
- Final exam, Exam week, 65% of final grade
- Class participation, 15% of final grade
- Additional assignments, extra credit

Students are required to attend 80% of classes. Failing to do so without justified reason will imply a 0 grade in the participation/attendance evaluation item.

As with all courses taught at the UPF ESCI-BSM, students who fail the course during regular evaluation will be allowed ONE re-take of the examination/evaluation. If the course is again failed after the re-take, students will have to register again for the course the following year.

Plagiarism is to use another’s work and to present it as one’s own without acknowledging the sources in the correct way. All essays, reports or projects handed in by a student must be original work completed by the student. By enrolling at ESCI-BSM Master of Science and signing the “Honor Code,” students acknowledge that they understand the schools’ policy on plagiarism and certify that all course assignments will be their own work, except where indicated by correct referencing. Failing to do so may result in automatic expulsion from the program.”

Calendar and Contents

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<td>Course Presentation. Gravity Model. Ricardian Model</td>
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<td>2nd week</td>
<td>Monday, Oct. 5th</td>
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<td>6th week</td>
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<td>7th week</td>
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<td>Review QTM and IS-LM</td>
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