

TEACHING PLAN
INTERNATIONAL ECONOMICS

1. Basic description

Name of the course: International Economics

Academic year: 2018-2019

Term: 1st

Code: 80126

Degree / Course: International Business Program

Number of ECTS credits: 6

Total number of hours committed: 150

Teaching language: English

Lecturer: María Gundín Castro

Timetable: Tuesday, 13:00 – 15:15
Thursday, 13:00 – 15:15

Office Hours: Thursday, 15:15 – 16:15

2. Presentation of the course

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.

3. Competences to be worked in the course

General competences	Specific competences
<p>Instrumental competences</p>	<p>Disciplinary competences</p>
<p>G.I.4. Ability to tackle and resolve problems.</p>	<p>E.D.2. Recognize and assess the duties of international economic institutions and their impact on business activity.</p>
<p>Generic systemic competences</p>	<p>E.D.7 Identify the international economic institutions and evaluate their influence on economic growth, international trade and financial relations.</p>
<p>G.S.5. Ability to learn on one's own.</p>	<p>E.D.12. Illustrate the primary sources of statistical economic information and managerial information available at a national and international level.</p>
<p>Competences for applicability</p>	<p>Professional competences</p>
<p>G.A.2. Ability to use quantitative criteria and qualitative insights when taking decisions.</p>	<p>E.P.1. Ability to understand the decisions taken by economic agents and their interaction in the markets.</p>
<p>G.A.5. Ability to understand an economic organization with a global perspective.</p>	<p>E.P.2. Ability to analyze economic and market indicators when taking decisions within the organization.</p>
	<p>E.P.3. Ability to assess the changes that occur due to various international agreements and their effects on the economic relations of different countries and the companies' activities.</p>
	<p>E.P.4. Ability to relate and analyze current and historical economic events with knowledge about the economy.</p>
	<p>E.P.23. Ability to apply and expand upon abstract reasoning.</p>
	<p>E.P.24. Develop the ability to synthesize.</p>

4. Contents

FIRST PART: INTERNATIONAL TRADE

Week 1. Course presentation.

- Some concepts of international trade. TRADE GRAVITY MODEL
- The Economist “Hyperglobalisation and metropolitan gravity” . Oct 2013
- Hoekman, B. “Trade and Growth – end of an era?”. from VOX CEPR, June 2015

Week 2. David Ricardo model of international Trade

- “Trade Winds” The Economist 1997
- Several chapters from the book *Cloth for Wine? The Relevance of Ricardo’s Comparative Advantage in the 21st Century*, by Simon Evenett, CEPR, 06 December 2017.

Week 3. Heckscher-Ohlin Model of international trade

- Kris Mitchener, Se Yan : “Trade and the skilled wage premium: Historical evidence from China” VOX CEPR 12 February 2010
- Mankiw, G. “Ricardo vs Heckscher-Ohlin”, GREG MANKIW'S BLOG 2007
- Mankiw, G. “Does free trade lower prices?” GREG MANKIW'S BLOG 2007
- The Economist “Tariffs and wages. An inconvenient iota of truth”, Aug 6th 2016

Week 4. The Classical theories versus the New theories of international trade.

- The Economist “The relationship between trade and wages” Sep 4th 2016
- The Economist, “A survey of world trade : Why trade is good for you. A short tour of economic theory”, Oct 1998
- Adrian Wood, Jörg Mayer “Has China de-industrialised other developing countries?” VOX CEPR 28 July 2009

SECOND PART: INTERNATIONAL FINANCE

Week 5. **** Exam first part:** the exam will be on the topics covered up to that moment.

- ** National Income Accounting and the Balance of Payments. The role of IMF
- Probst, J. “Explainer: why some current account imbalances are fine but others are catastrophic”. The Conversation, August 2018

Week 6. Money, Interest Rates and Foreign Exchange Rate market. Exchange rate Determination in the long term

- The globaleconomy.com: “Fear of floating: fixed vs. flexible exchange rates”, 2018

- The Economist “Fix or Float?,” 28th January 1999

Week 7. Exchange rate Determination in the short term

- Coy, P. “Floating Exchange rates can cause big trouble”. Bloomberg news, Oct 2007

Week 8. Fixed Exchange Rates and Foreign Exchange Intervention. Optimal Currency Areas.

- The Economist “A Primer in Economics”.
- Cukierman, A. “The Revolution in Monetary Policymaking Institutions”. Vox 2007

Week 9. The case of Euro: loses and gains. The management of asymmetric shocks in the Euro Area.

- Boltho, Andrea & Carlin, Wendy: *The problems of European monetary union – asymmetric shocks or asymmetric behaviour?* VOX 31 March 2012
- Fernández-Villaverde, Jesús & Garicano, Luis & Santos, Tano. “Did the euro kill governance in the periphery?” Vox 30 April 2013

Week 10: Summary of the main concepts on international finance.

5. Assessment

5.1 Regular Term Evaluation (check section 7 for further details)

A/ 15% Questions on compulsory readings. Working in groups of 3/4 people

B/ 10% Presentation Topic (PT). Groups of 3/4 people.

C/ 10% Problem sets. Groups of 3/4 people.

D/ 20% Midterm exam. Individual

E/ 45% Final exam (30% of the evaluation will cover the international trade topics). Individual

NOTE THAT all categories of evaluation, except from C, refer to activities which will be done during the sessions, in the classroom.

Doing both exams and the PT is a necessary condition to receive a quantitative evaluation of the course. In case a student misses any of the three mentioned categories, a “N.A.” grade will be given. The final grade will be determined by the weighted average of the mentioned categories.

5.2 Supplementary Evaluation

For those students who during the regular term have obtained a weighted final grade below 5.0 there will be a supplementary evaluation according to ESCI-UPF calendar and academic regulations. This supplementary evaluation will imply a re-take of the final exam that will account for 45% of the final grade. Grades and weights in the rest of categories (55%) will stay unchanged and cannot be compensated by extra work.

6. Bibliography and teaching resources

- Basic bibliography
 - KRUGMAN, P. & OBSTFELD, M., *International Economics: Theory and Politics*.
- Other references:
 - Readings provided by the teacher
 - Slides from class presentations.

7. Methodology

○ Lectures

Lectures will cover the topics of the syllabus and will address the competences to be achieved in the course.

○ Continuous evaluation (from section 5.1)

A/ Questions on readings, (to be read before the lecture): Starting on session 2. At the beginning of each session students, working in groups of three or four, must answer and hand in (or upload) some questions on the required readings of the day.

B/ The Presentation topic (10%) in groups of three people, you do not need to write a paper but you are expected to prepare a good and clear presentation in order to explain the topic proposed (around 12 minutes). The presentation must be sent to me, maria.gundin@prof.esci.upf.edu, the day before the corresponding session).

Some examples of PT (all of them will be provided and distributed among the students in the first two sessions), all of them are based on the compulsory readings in every session.

* *Presentation topic* : “Has China de-industrialised other developing countries?

* *Presentation topic* : Can a country hold a long term current account deficit?

* *Presentation topic*: Free trade: are there gains for everybody?

* *Presentation topic* : Advantages from a Flexible exchange rate system & Drawbacks derived from a Flexible exchange rate system

* *Presentation topic* : Why did Central Banks become independent from governments?

* *Presentation topic* : Managing Eurozone periphery

* *Presentation topic : The conduct of monetary policy under fixed exchange rates*

C/ Students will be asked to solve some problem sets. These assignments are designed for practice and to further understand the topics discussed in class. Selected exercises will be discussed in class.

D/ and E/ Both exams will consist of short questions, some multiple choice and may be some numerical exercises on the topics covered along the course. During the exams you can take your notes and readings with you, computers are not allowed. A minimum of 4 points out of 10 is required in both exams to pass the subject.

Face-to-face (in the classroom)	Directed (outside the classroom)	Independent (outside the classroom)
<p>Professor:</p> <ul style="list-style-type: none"> - Lectures - Discussion of exercises and readings. <p>Student:</p> <ul style="list-style-type: none"> - Exercises on readings and presentation of topics. - Participation in discussions - Exams 	<p>Professor:</p> <ul style="list-style-type: none"> - Prepare problem sets - Select readings - Prepare discussion topics <p>Student:</p> <ul style="list-style-type: none"> - Solve problem sets - read the compulsory readings before attending the sessions. 	<p>Student:</p> <ul style="list-style-type: none"> - Class preparation and readings - Independent study - Exams preparation

CALENDAR:

Week	Session	Date	In Class
1	Lecture 1	18 Sep	Course Presentation & Concepts around international trade

	Lecture 2	20 Sep	Gravity Model
2	Lecture 3	25 Sep	David Ricardo model
	Lecture 4	27 Sep	
3	Lecture 5	2 Oct	Heckscher-Ohlin Model
	Lecture 6	4 Oct	
4	Lecture 7	9 Oct	New theories of international trade
	Lecture 8	11 Oct	
	Lecture 9	16 Oct	Exam first part
5	Lecture 10	18 Oct	Exam review & questions Money, Interest Rates and Exchange Rates
6	Lecture 11	23 Oct	Money, Interest Rates and Exchange Rates in the long run
	Lecture 12	25 Oct	
7	Lecture 13	6 Nov	Exchange rate Determination in the short term
	Lecture 14	8 Nov	
8	Lecture 15	13Nov	Fixed Exchange Rates & Optimal currency areas.
	Lecture 16	15 Nov	
	Lecture 17	20 Nov	The case of Euro: loses and gains
9	Lecture 18	22 Nov	
10	Lecture 19	27 Nov	Summary of the main concepts
	Lecture 20	29 Nov	