International Economics

2017-18

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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.

Objectives

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. The 2012 sovereign debt crisis
10. Review of the Quantity theory of money
11. Two approaches to economic policy: Neo-Classical vs. Keynesian
12. The anatomy of the 2008 international financial crisis and its current implications
Methodology

Lectures will combine theoretical models with real-life 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 be reviewed in Seminar sessions.

Assignments are not handed-in, nor graded.

Evaluation criteria

The final grade will be determined by the weighted average of three midterm exams and a final exam.

- Midterm 1, Week 4 (Tue. Oct. 17th), 10% of final grade
- Midterm 2, Week 7 (Tue. Nov. 7th), 15% of final grade
- Midterm 3, Week 9 (Tue. Nov. 21st), 20% of final grade
- Final exam, Exam Week, 55% of final grade

Students are required to attend 80% of classes. Failing to do so without justified reason will imply a downgrading of 10% in the final grade and may lead to suspension from the program.

As with all courses taught at the UPF BSM, students who fail the course during the regular evaluation will be allowed ONE re-take of the examination/evaluation. Students that pass any Retake exam should get a **5 by default as a final grade for the course.** If the course is again failed after the retake, students will have to register again for the course the following year.

In case of a justified no-show to an exam, the student must inform the corresponding faculty member and the director(s) of the program so that they study the possibility of rescheduling the exam (one possibility being during the “Retake” period). In the meantime, the student will get an “incomplete”, which will be replaced by the actual grade after the final exam is taken. The “incomplete” will not be reflected on the student’s Academic Transcript.

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 any UPF 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>Tuesday, Oct. 3rd</td>
<td>Ricardian Model. Balance of Payments</td>
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<td>Tuesday, Oct. 31st</td>
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Reading Materials/ Bibliography/Resources

These readings are very specific and short in order to facilitate the task of reading them BEFORE the course starts:


Read only the chapter devoted to comparative advantage and the Ricardian Model (Chapter 2) until the “many goods” version. Do not read the “many goods” version. This is about fourteen pages, depending on the version of the book.

MANKIW, N.G., Macroeconomics.

First, read the chapters regarding “The Economy in the Short Run” and then the chapter about “The Open Economy”. These readings are a bit longer, but it is fun to read.
Additionally, anybody who has no training in Economics should first read Mankiw's Principles of Economics. It is a big book, but it is also very easy to read and it is targeted to students with no knowledge of Economics.

**IMPORTANT:** There are several articles from online publications, newspapers and economic magazines available at eCampus. These articles MUST be read and it is very important that they are understood. They are a practical application of the topics that are discussed in class, hence they are an essential part of the course. Some articles will be reviewed in class, but they are all relevant. Many exam questions are based on these articles.

**Bio of Professor**

After having achieved a Master degree in Economics at El Colegio de Mexico and a Master degree in Applied Economics at the Autonomous University of Barcelona (UAB), Ernesto is concluding his PhD. degree in Applied Economics at the Autonomous University of Barcelona. Ernesto’s main teaching and research topics are International Economics, Microsimulation of Public Policies, Pro-poor Growth and Poverty and Inequality issues.

In recent years Ernesto has worked as a lecturer in different Spanish universities (UAB, Pompeu Fabra and University of Girona). Before his duties as a lecturer in Spain, he worked as an economic consultant for the Argentinian Government (Ministry of Economics, Ministry of Labor and Social Security and Argentinian Parliament). He also worked as a Deputy Director of “Analysis, Statistics, Risk and Insurance” at the Credit Recovery Trustship of the government of Mexico City.