International economic environment

Academic Year: (2022 / 2023) **Review date: 09-05-2022**

Department assigned to the subject:

Coordinating teacher: ORTEGA DIEGO, JAIME

Type: Electives ECTS Credits : 2.0

Year : 1 Semester : 2

REQUIREMENTS (SUBJECTS THAT ARE ASSUMED TO BE KNOWN)

Economics for Business

OBJECTIVES

This course is designed to provide students with concepts and tools to analyze countries' macroeconomic performance from an international finance-trade perspective. The main goal of the course is to help students understand (a) how to evaluate general macroeconomic performance measures (b) how monetary and fiscal policies can be used to affect short-run macroeconomic conditions (c) media accounts of macroeconomic events (d) how the market for exchange rates work (e) why central banks intervene in exchange rate markets (f) how digital currencies work. The course is structured around the tools (models) of macroeconomics, using primarily graphs, and occasionally simple equations, and real-world applications.

DESCRIPTION OF CONTENTS: PROGRAMME

Class 1: Introduction
Basic vocabulary and tools
National income accounting and balance of payments

Readings: Ch. 13 (KOM), Ch. 5 & 6 (M)

Cases/Exercises:
Krugman, P. (2009). A Country is not a Company. Harvard Business Press.
Self-study questions 1

Class 2: Money and Exchange Rates
The foreign exchange market
The money market
The money market and the exchange rate market in the short run

Readings: Ch. 14 and pp. 354-368 on Ch.15 (KOM), Ch.2 (M)

Cases/Exercises:
Self-study questions 2

Class 3: Long Run Dynamics in the Exchange Rate Market, and Output Effects in the Short Run

Exchange rate market in the long run
Output and the exchange rate in the short run

Readings: Ch. 17 and pp. 368-381 on Ch.15 (KOM), Ch.7 (M)

Cases/Exercises:
Self-study questions 3

Class 4: Output Effects in the Short Run

Output and the exchange rate in the short run
Effects of monetary and fiscal policies

Readings: Ch. 16-18, Ch. 2, 3, 18, and pp. 69-73 on Ch. 4 (KOM)

Ch.7 (M)

Cases/Exercises:
Self-study questions 4

Class 5: Fixed Exchange Rates and Team Case Study Presentations

Fixed exchange rate regimes: monetary and fiscal policy
Team case study presentations

LEARNING ACTIVITIES AND METHODOLOGY

Session 1: Lecture
Session 2: Lecture + Problem Set Solving + Discussion of Readings
Session 3: Lecture + Problem Set Solving + Case Discussion
Session 4: Lecture + Problem Set Solving + Case Discussion
Session 5: Lecture + Team Case Study Presentations

ASSESSMENT SYSTEM

There will be one closed-book review exam which will take around 60-75 minutes and test everything that was discussed in class during the previous weeks, including the assigned readings. The exact date of the exam will not be announced. If you do not show up in a class I gave the exam, you will not be offered a makeup exam.

Each student is going to participate in a team case study assignment. A document with the detailed information about this assignment will be posted in the first week of the course.

The final exam will be closed-book and cover everything discussed in class during the semester, including the assigned readings.

Your participation grade will be based on your contribution to class discussion. The quality of your comments or issues you raised in class will count positively to your grade, whereas any unprofessional behavior will harm your grade. Note that attending all the lectures does not guarantee a non-zero participation grade.

Your course grade will be determined as follows:

Review Exam	15%
Team Case Study Presentation	15%
Class Participation	10%
Final Exam	60%

% end-of-term-examination:	60
% of continuous assessment (assigments, laboratory, practicals…):	40

BASIC BIBLIOGRAPHY

- Blanchard, O., and Johnson, D. Macroeconomics, Toronto: Pearson Prentice Hall., 2006

- Krugman, P. R., Obstfeld, M., and Melitz, M. J. International economics: Theory & Policy, Boston: Pearson Addison-Wesley, 2012

- Moss, David A. A Concise Guide to Macroeconomics: What Managers, Executives, and Students Need to Know. , Boston: Harvard Business School Press., 2007