



## COURSE SYLLABUS

# International Macroeconomics and Finance, 7.5 credits

*International Macroeconomics and Finance, 7,5 högskolepoäng*

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<b>Course Code:</b> ECJK13	<b>Education Cycle:</b> First-cycle level
<b>Confirmed by:</b> Council for Undergraduate and Masters Education Nov 26, 2011	<b>Disciplinary domain:</b> Social sciences (75%) and natural sciences (25%)
<b>Revised by:</b> Council for Undergraduate and Masters Education Oct 19, 2020	<b>Subject group:</b> NA1
<b>Valid From:</b> Mar 29, 2021	<b>Specialised in:</b> G1F
<b>Version:</b> 4	<b>Main field of study:</b> Economics

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### Intended Learning Outcomes (ILO)

After completing the course the student should be able to:

#### Knowledge and understanding

1. discuss the core principles of economics within international macroeconomics and finance including issues of employment, national income, investment.
2. discuss information transmitted by analytical methods and model-based argumentation in international macroeconomics and finance.
3. discuss how exchange rates interact with other macroeconomic variables under floating and fixed exchange rate regimes.

#### Skills and abilities

4. apply abstract theorizing in an appropriate theoretical framework to consider the essential issues for a variety of problems in international macroeconomics and finance.
5. apply economic concepts that have a broad use for decision making, e.g. equilibrium, disequilibrium, and expectations, and demonstrate how these concepts are dealt with in the context of international macroeconomics and finance.
6. demonstrate ideas and solve problems in international macroeconomics and finance using graphical and algebraic techniques.

#### Judgement and approach

7. perform economic analysis in international macroeconomics and finance from a perspective of what is good for society and be able to distinguish that what is good for some members of society is not necessarily what is good for all.

### Contents

The objective of the course is to develop a deeper understanding of how a macro economy behaves when it is open to trade and capital flows with other countries. The course is also concerned with exchange rate determination and monetary behavior under fixed exchange rates and policies involving

exchange rates.

Important elements of the course are the following:

- National income accounting and the balance of payments
- Market mechanisms of the foreign currency market
- Interest parity conditions
- Purchasing power parity
- Exchange rate determination
- How a macro economy adjusts to various exogenous shocks under floating exchange rate and fixed exchange rate regimes
- International monetary systems, 1870 to present
- Macroeconomic policy and coordination under floating exchange rates
- Optimum currency areas and European monetary agreements, including the EMU
- Financial crises involving the exchange rate.

### Connection to Research and Practice

This course deals with the frequently-researched areas of exchange rate determination (what variables affect the exchange rate), a country's choice on exchange rate regime (fixed or floating) and a country's choice on whether to participate in a monetary union with other countries. The connections between the exchange rate and other macroeconomic variables are relevant to decision makers determining central bank policy or government fiscal policy. Furthermore, it is important for decision makers in firms to consider how exchange-rate changes affect their businesses. It is also important for decision makers in firms to consider how central banks and governments react to macroeconomic activity in which the exchange rate plays a major role.

### Type of instruction

Lectures and exercise sessions based on homework assignments.

The teaching is conducted in English.

### Prerequisites

30 credits in Business Administration or Economics including Microeconomic Principles and Mathematics for Economics, 7,5 credits (or the equivalent).

### Examination and grades

The course is graded A, B, C, D, E, FX or F.

Individual written assignment (ILOs: 3 and 6), U/G, representing 1 credit.

Individual written exam (ILOs: 1-7) representing 6.5 credits

Registration of examination:

Name of the Test	Value	Grading
Individual written assignment	1 credit	U/G
Individual written exam <sup>1,3</sup>	6.5 credits	A/B/C/D/E/FX/F

<sup>1</sup> Determines the final grade of the course, which is issued only when all course units have been passed.

<sup>3</sup> The final grade of the course is determined by the points from the written final examination in the course (0-100 points). The

course grade is set in accordance to JIBS grading policy, on a scale A/B/C/D/E/FX/F.

### **Course evaluation**

It is the responsibility of the examiner to ensure that each course is evaluated. At the outset of the course, evaluators must be identified (elected) among the students. The course evaluation is carried out continuously as well as at the end of the course. On the completion of the course the course evaluators and course examiner discuss the course evaluation and possible improvements. A summary report is created and archived. The reports are followed up by program directors and discussed in program groups and with relevant others (depending on issue e.g. Associate Dean of Education, Associate Dean of faculty, Director of PhD Candidates, Dean and Director of Studies). The next time the course runs, students should be informed of any measures taken to improve the course based on the previous course evaluation.

### **Other information**

#### Academic integrity

JIBS students are expected to maintain a strong academic integrity. This implies to behave within the boundaries of academic rules and expectations relating to all types of teaching and examination.

Copying someone else's work is a particularly serious offence and can lead to disciplinary action. When you copy someone else's work, you are plagiarizing. You must not copy sections of work (such as paragraphs, diagrams, tables and words) from any other person, including another student or any other author. Cutting and pasting is a clear example of plagiarism. There is a workshop and online resources to assist you in not plagiarizing called the Interactive Anti-Plagiarism Guide.

Other forms of breaking academic integrity include (but are not limited to) adding your name to a project you did not work on (or allowing someone to add their name), cheating on an examination, helping other students to cheat and submitting other students work as your own, and using non-allowed electronic equipment during an examination. All of these make you liable to disciplinary action.

### **Course literature**

#### Compulsory literature

- Krugman, P. R., Obstfeld, M., and Melitz, M. International Economics: Theory and Policy (Global Edition), Eleventh edition (2018) or later edition. Harlow, England: Pearson Education Limited. ISBN-13: 978-1-292-21487-0 or ISBN-10:1-292-21487-0
- Supplementary material may be used.