

## SUBJECT TEACHING GUIDE

G1887 - International Economics

### DOUBLE DEGREE IN ADMINISTRATION AND BUSINESS MANAGEMENT AND ECONOMICS

Degree in Economics

Academic year 2024-2025

1. IDENTIFYING DATA					
Degree	DOUBLE DEGREE IN ADMINISTRATION AND BUSINESS MANAGEMENT AND ECONOMICS Degree in Economics			Type and Year	Compulsory. Year 5 Compulsory. Year 4
Faculty	Faculty of Economics and Business Studies				
Discipline	Subject Area: Macroeconomics Module: Training in Economic Analysis				
Course unit title and code	G1887 - International Economics				
Number of ECTS credits allocated	6	Term	Semester based (1)		
Web					
Language of instruction	English	English Friendly	No	Mode of delivery	Face-to-face

Department	DPTO. ECONOMIA
Name of lecturer	ADOLFO JESUS MAZA FERNANDEZ
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Other lecturers	

### 3.1 LEARNING OUTCOMES

- In order to understand the subject, students have to know how a closed economy performs (basic and intermediate macroeconomic theory). They have also to have a handle on mathematical concepts such as function analysis, differential and integral calculus. The expected results are:

- Understanding the way an open economy performs
- Adopting a critical point of view toward news related to the subject
- Being able to understand and foresee the effects of economic policy measures

**4. OBJECTIVES**

Understanding open economy macroeconomics

Being able to understand, in an open economy, economic models and economic policies

Analysis of main economic issues in an open economy (unemployment, cycles, inflation, and so forth)

Acquiring critical skills

6. SUBJECT PROGRAM

CONTENTS

1	<p>Block 1. Balance of Payments</p> <ol style="list-style-type: none"> <li>1. Foreign exchange market and balance of payments               <ol style="list-style-type: none"> <li>1.1. Introduction</li> <li>1.2. Foreign exchange market: main features</li> <li>1.3. Exchange rates: spot and forward; nominal and real; bilateral and effective.</li> <li>1.4. Exchange rate regimes: fixed exchange rate and flexible exchange rate</li> <li>1.5. Balance of payments: definition, structure, accounting. Surplus or deficit</li> </ol> </li> <li>2. Balance of payments: Elasticity and absorption approaches               <ol style="list-style-type: none"> <li>2.1. Fundamental identities for an open economy</li> <li>2.2. Open economy equilibrium: Multipliers</li> <li>2.3. The elasticity approach: Marshall-Lerner condition</li> <li>2.4. The absorption approach</li> </ol> </li> <li>3. Monetary approach of the balance of payments               <ol style="list-style-type: none"> <li>3.1. A simple monetary model</li> <li>3.2. The monetarist concept of balance of payments disequilibrium</li> <li>3.3. The effects of a devaluation</li> <li>3.4. The effects of different shocks</li> </ol> </li> </ol>
2	<p>Block 2. AS-AD model for an open economy</p> <ol style="list-style-type: none"> <li>4. Mundell-Fleming model               <ol style="list-style-type: none"> <li>4.1. Internal and external balance</li> <li>4.2. Derivation of the IS, LM and BP schedule for an open economy</li> <li>4.3. Monetary and fiscal policies under fixed exchange rates</li> <li>4.4. Monetary and fiscal policies under flexible exchange rates</li> <li>4.5. The principle of effective market classification</li> <li>4.6. AS and DA in an open economy under fixed exchange rates</li> <li>4.7. AS and DA in an open economy under flexible exchange rates</li> </ol> </li> </ol>
3	<p>Block 3. Exchange Rate theories</p> <ol style="list-style-type: none"> <li>5. Exchange Rate theories: Purchasing power parity               <ol style="list-style-type: none"> <li>5.1. Introduction</li> <li>5.2. Purchasing power parity theory</li> <li>5.3. Empirical evidence</li> <li>5.4. The Balassa-Samuelson model</li> </ol> </li> <li>6. Exchange Rate theories: Monetary approach               <ol style="list-style-type: none"> <li>6.1. Introduction</li> <li>6.2. The flexible-price monetary model</li> <li>6.3. The Dornbusch sticky-price monetary model</li> <li>6.4. The Frankel real-interest-rate-differential model</li> </ol> </li> <li>7. Fixed versus flexible exchange rates               <ol style="list-style-type: none"> <li>7.1. Introduction</li> <li>7.2. Fixed versus flexible exchange rates: classical approach</li> <li>7.3. Fixed versus flexible exchange rates: Modern approach</li> <li>7.4. Analysis of shocks</li> </ol> </li> </ol>

7. ASSESSMENT METHODS AND CRITERIA				
Description	Type	Final Eval.	Reassessn	%
Midterm exam	Written exam	No	Yes	66,66
Final exam	Written exam	Yes	Yes	33,34
TOTAL				100,00
Observations				
For students not passing the subject in the ordinary evaluation, there will be a make-up (resit) exam that will account for 100% of the grade				
Observations for part-time students				
Partial-time students will have a single written exam which will account for 100% of the grade				

8. BIBLIOGRAPHY AND TEACHING MATERIALS
BASIC
Pilbeam, K. "International Finance" Macmillan, 1998. Pilbeam, K. "International Finance" Macmillan, 2006. Pilbeam, K. "International Finance" Macmillan, 2013. Pilbeam, K. "International Finance" Macmillan, 2023.