



PRESENTATION

Brief description of the course: The course models the behavior of consumers and firms that trade goods and assets with foreign countries, with the goal of understanding the open-economy business cycles and policy responses to them. Importantly, as it is based on macroeconomic models, this course is technical; math, intermediate macro and growth classes are prerequisites. Indeed, this course is logically seen as the open-economy extension of the cycles analysed in Economic Growth and Cycles.

- **Type of degree:** ECO
- **Module/Subject matter:** Electives/7.1 (General Electives)
- **ECTS:** 3
- **Year, semester:** 3rd year, 2nd semester
- **Type:** Elective
- **Professor in charge:** Tommaso Trani
- **Language:** English
- **Time, venue:** Wednesday, 12:00-14:00. Please verify this information and find the venue on the [official timetable](#) of the School.

*Students with special education needs: please contact the professor of the course

LEARNING OUTCOMES (Competencies)

- CG1: To be familiar with different areas of the theory and/or application of economic analysis.
- CG2: To identify, integrate and use the knowledge acquired to argue, discuss and solve relevant problems in economics and/or business.
- CEO1: Understand models of aggregate supply and demand.

PROGRAM

- Facts
- Determination of the current account
 - Two-period open economy model
 - Credit market imperfections, defaults, fiscal policy
 - Shocks to international trade in goods and the current account
 - Shocks to international trade in assets and the current account
 - Production/investment intertemporal open economy model
- Exchange rates
- Capital controls
- Nominal rigidities/sticky prices and New Keynesian modeling of cycles

EDUCATIONAL ACTIVITIES

As for any course attributing 3 ECTS credits, students' workload is expected to be of about 75 hours. A tentative distribution of this preparation time is as follows:

- Lectures, including practical classes = 30 hours
- Personal or team work = 42 hours



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- Assessment = 3 hours.

Students will receive further indications (relationship program-bibliography, tentative class schedule, etc.) through the intranet. Possible adjustments to the program will be announced during the lectures.

The use of laptops, mobile phones, smartwatches and similar devices is not allowed during the lectures or the exams.

Final exam: time and venue in accordance with the School's timetable of exams.

ASSESSMENT

GRADING IN MAY

Continuous assessment (problem sets, quiz, etc.): 40%

- Participation: 10%
- Test: 15%
- Assignment (problem set): 15%

Final exam: 60%

GRADING IN JUNE

Exam: 100%

DETAILS

Types of questions: multiple-choice questions, or the like, and problems. The exact structure of the exams will be announced during the course.

The final exam is comprehensive. *In this case, a minimum of 4/10 is required.*

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HONESTY IS THE BEST POLICY

(From the *Ethics Committee Provisions Against Plagiarism and Copying*)

We value honesty. Without it, there can be no trust or any meaningful social relations. Therefore, the School expects honesty and fairness from all of its members: professors, nonacademic staff, and students.

Dishonest behaviors will be sanctioned in accordance with the University Norms on Student Academic Discipline of August 2015, and include lying, cheating in exams, and plagiarism in written work. We take such violations seriously. Depending on their gravity, these offences



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will be dealt with by the Professor in charge of the subject, by the Dean of Students, and in very severe cases, by the Vice President for Student Affairs.

Sanctions include:

- formal warnings
- prohibition from entering University premises for a given period
- loss of admission rights to exams
- loss of scholarships
- a failing grade for the piece of work or the whole course.

OFFICE HOURS

Tommaso Trani (ttrani@unav.es)

- Office 2240, Edificio Amigos. Floor: 2, "hilera".
- Hours: Monday, 9:30-12:30.

BIBIOGRAPHY AND RESOURCES

Main

Williamson, Stephen. Macroeconomics. [Find it in the library.](#)

Notes: during the lectures, we will use or cite some articles. For convenience, these are not indicated here but in the intranet.

Other

Maurice Obstfeld and Kenneth Rogoff (1996), *Foundation of International Macroeconomics*, MIT Press [Find it in the library](#)

Stephanie Schmitt-Grohe, Martin Uribe and Michael Woodford, *International Macroeconomics*, Princeton University Press.