



Universidad
de Navarra

Topics in Economics and Finance III (MEF)

Guía docente 2023-24

PRESENTATION

Any Topics in Economics and Finance course is optional. Therefore, the information available on this webpage is valid for this academic year, though it may change in subsequent academic years.

GENERAL INFORMATION

- **Type of degree:** Master in Economics and Finance
- **Module/Subject matter:** Elective subject: Economics Track/Topics in Economics and Finance
- **ECTS:** 3.5
- **Year, semester:** year 1, semester 2
- **Type:** Elective
- **Professors:** Mirko Abbritti and Tommaso Trani
- **Language:** English
- **Time, venue:** see the timetable of the master

*Special education needs: students with special needs should contact the professors of the course.

LEARNING OBJECTIVES

This course will provide the tools to analyze macroeconomic policies and the international transmission of economic fluctuations in open economies. The course is divided into two parts. The first part studies monetary policy models. It starts with a brief introduction on the state of macroeconomics after the Great Recession. It continues with an analysis of the Lucas' Island Model, dynamic inconsistency issues and the optimal choice of policy instruments. The next step is the study of the New Keynesian model and of the current directions of research. The second part of the course provides an introduction to open economy models. It covers the process of international financial adjustment, the international business cycles, models of crises and the analysis of policy interventions, referring to recent research advancements.

COMPETENCES

Competences of the Subject

Understand monetary policy models.

Understand New Keynesian model.

Understand the role of different exchange rate policies for monetary and fiscal policy in a small open economy.

Understand international real business cycle theory.

Understand currency crisis models.



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Analyze macroeconomic policies and the international transmission of economic fluctuations in open economies.

Competences of the Master

CG1) To train high level specialists in both economic theory and finance.

CG3) To familiarize the students with the fields of research and the most relevant literature in economic theory and finance.

CG4) To develop the student's ability to review economic and financial phenomena and enhance their communication skills.

PROGRAM (COURSE OUTLINE)

PART I: MONETARY ECONOMICS

- a) Introduction: the state of macroeconomics and rational expectations
- b) The Lucas' Island Model, Dynamic Inconsistency Issues and the Optimal Choice of Policy Instruments
- c) A workhorse model for monetary analysis: The New Keynesian Model
- d) Extensions and Current Directions of Research

PART II: OPEN MACROECONOMICS

- a) Open Economy Fiscal and Monetary Policy under Different Exchange Rate Regimes
- b) International Real Business Cycle Models
- c) Balance-of-Payments Crises

EDUCATIONAL ACTIVITIES (TEACHING METHODOLOGY)

The objective of the lectures will be to explain the various theories, the main economic issues addressed by each of them and the required analytical tools. The emphasis put on each of these three components will vary with the topic at hand. However, a good grasp of the methods currently used in macroeconomic analysis forms an essential part of the course.

Lecture notes. We will distribute slides or notes for each of the subject areas in the outline. For the most technical material, students will receive some handouts as well.

Problem sets. There will be problem sets. Working on these problem sets is useful to apply the techniques seen during the lectures and understand the key assumptions of models and theories. Group work and discussion are strongly encouraged. However, each student should hand in his or her own individual solution to any problem sets. Personal reasoning and attempts are important ingredients not only for the homework and the final exam, but also for each student's future professional achievements.



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FINAL EXAM

TBA, Room TBA

TIME DISTRIBUTION

As for any course attributing 3.5 ECTS credits, students' workload is expected to be of about 87.5 hours. An indicative distribution of this preparation time is as follows:

- Lectures (20 hours): students will take notes and use material made available through ADI
- Review sessions (10 hours): students will learn the techniques and methods
- Personal and team work (54 hours): study of the theory, solution of problem sets, clarifications during the office hours
- Evaluation (3.5 hours)

ASSESSMENT

REGULAR EXAM

Grades will be based on:

- the final exam (70%)
- the problem sets (30%).

RESIT EXAM

The regular percentages will always apply. That is, in case a resit exam is needed, we will adopt the same weights as for the regular examination: 70% and 30%, respectively.

[University regulations regarding academic discipline apply.](#)

OFFICE HOURS

Mirko Abbritti (mabbritti@unav.es)

- Office: NCID Universidad de Navarra. Edificio Bibliotecas. Floor: 2.
- Office hours: by appointment.

Tommaso Trani (ttrani@unav.es)

- Office 2240. Edificio Amigos. Floor: 2, "hilera".
- Office hours: by appointment.

BIBLIOGRAPHY

David Romer (2006), *Advanced Macroeconomics*, McGraw Hill. [Find it in the library.](#)



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Jordi Gali (2008), *Monetary Policy, Inflation and the Business Cycle*, Princeton University Press. [Find it in the library](#)

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

Stephanie Schmitt-Grohe and Martin Uribe (2007) *Open Economy Macroeconomics*, Princeton University Press.

Stephanie Schmitt-Grohe, Martin Uribe and Michael Woodford, *International Macroeconomics*, textbook manuscript under preparation, most recent version.

Notes: during the lectures we will use or cite various articles. For convenience, these are not listed here but in a portable syllabus, which is in the intranet. The syllabus indicates as well the specific sections of the books that are either required or suggested to complement the lecture notes. Moreover, in case you need to consult different editions and have doubts, please ask the professors for suggestions. Do so also in case you have doubts regarding other books or papers you wish to use.