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Faculty of Economic Sciences, Communication and IT
Economics

Syllabus

Course Approval

The syllabus was approved by the Faculty Board of Economic Sciences, Communication and IT on 28 May 2008, and is valid from the Autumn semester of 2008 at Karlstad University.

Course Code: NEAD15

International Macroeconomics, 7.5 ECTS Credits

(Internationell makroekonomi, 7.5 Swedish credit points)

Degree Level: Master

Progression Level: D

Language of Instruction

English, if required

Prerequisites

Economics 90 ECTS cr. or Economics 60 ECTS cr. including Microeconomics 7.5 ECTS cr. and Macroeconomics 7.5 ECTS cr. or equivalent.

Major Field of Study

Economics

Aims

Upon completion of the course students should be able to:

- understand how and why the effectiveness of a nation's financial policy is dependent on the choice of exchange rate regime and degree of openness to capital movement,
- understand the restrictions which central banks and governments operate under when they decide on their monetary and currency policy,
- understand the relationship between exchange rates and the price on assets in terms of different currencies,
- understand the difference between nominal and real exchange rates and how the latter develop with time,
- understand the relationship between central banks' monetary policies, exchange rates and expectations of inflation,
- understand the central bank's balancing of welfare considerations and employment goals, and
- analyse a country's possibilities to use fixed or flexible exchange rates and to be part of a monetary area with other countries.

Course Content

The course deals with the way macroeconomic policy possibilities are affected by degrees of openness to international trade and international capital movement. The traditional Mundell-Fleming model is used as a starting-point for an analysis of different cases, for instance, less than perfect capital movement, fixed vs. flexible exchange rates, static vs. rational expectations, and union action in wage negotiations. Different exchange rate models are discussed and related to the Mundell-Fleming model, for instance, Dornbusch's 'Overshooting' model, the portfolio balance model and the supply price model. Also treated are current central bank policy issues, inflation, pricing, and how the result of central banks policies can be evaluated.

Instruction is in the form of lectures and seminars.

Reading List

See separate document.

Examination

Examination is in the form of a final written exam, seminars with written and oral presentations of group assignments and theoretical hand-in assignments.

Grades

One of the grades Distinction (VG), Pass (G), or FAIL (U) is awarded in the examination of the course.

Quality Assurance

Follow-up relating to learning conditions and goal-fulfilment takes place both during and upon completion of the course in order to ensure continuous improvement. Course assessment is based on student views and experiences as reported in written course evaluations and/or group discussions. Students will be informed of the result of the evaluation and of the measures to be taken.

Course Certificate

A course certificate will be provided upon request.

Additional Information

Students who enrolled before 1 July 2007 will complete their studies in accordance with the requirements of the earlier admission. Upon completion students may request degree and course certificates to be issued under the current ordinance if they meet its requirements.

The local regulations for studies at the Bachelor's and Master's levels at Karlstad University, ref. C2007/368, stipulate the obligations and rights of students and staff.