



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 14 December 2010, and is valid from the Autumn semester of 2011 at Karlstad University.

Course Code: NEGC22

International macroeconomics, 7.5 ECTS Credits

(Internationell makroekonomi, 7.5 Swedish credit points)

Degree Level: Bachelor

Progressive Specialisation: G2F (First cycle, has at least 60 credits in first-cycle course/s as entry requirements)

Language of Instruction

The language of instruction is English if non-Swedish speaking students or teachers participate in the course. If not, instruction is in Swedish.

Prerequisites

Economics 60 ECTS Credits.

Major Field of Study

NAA (Economics)

Learning Outcomes

Upon completion of the course, students should be able to understand

- how and why the efficacy of fiscal policy is dependent on the exchange rate regime of a country, as well as the degree of openness of capital movement,
- the restrictions that apply to central banks and governments in formulating their monetary and foreign exchange policies,
- the correlation between exchange rates and the price of assets expressed in different currencies,
- the difference between nominal and real exchange rate, as well as how the latter changes over time,
- the connections between the monetary policy of central banks and expectations on exchange rate and inflation,
- the welfare theoretical balancing considerations of the central bank between inflation targets and employment stabilization targets and
- and analyze the possibilities of individual countries to use either fixed or floating exchange rate as well as enter into monetary union with other countries.

Content and Form of Instruction

The course treats how the conditions of macroeconomic policy in an economy is affected by its degree of openness to international trade and capital movement. The traditional Mundell-Fleming models is used as a basis for analyzing various special cases, e.g. less than perfect capital mobility, fixed vs. floating exchange rates, static vs. rational expectations, the wage rate behavior of unions, etc. Different exchange rate models are discussed and related to the Mundell-Fleming model, e.g. the Dornbusch overshooting model, the portfolio balance model, and the supply-price model. The course also covers current issues of central bank policy, e.g.

inflation- or price level targets, as well as how the outcome of the policies of central banks 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 written final exam, hand-in assignments, and active participation in seminars with written and oral presentation of group assignments.

Grades

One of the grades Fail (U), Pass (G), or Distinction (VG) 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 stipulate the obligations and rights of students and staff.

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