

International Macroeconomics

Programs: Master in Economic Policy (MEPS); others: according to corresponding module handbook

Lecture:

Room: US-A 120 Time: Thursday, 08.30 – 10.00 Start: April 10

Tutorial:

Room: US-A 016 Time: Wednesday, 12.00 – 13.30 (bi-weekly) Start: April 16

Learning outcomes:

This course analyses the interdependence between international economic relations of a country and its important aggregate economic magnitudes (production, income, saving, interest rate, foreign assets and debt). In a first step, the students learn how to describe a country's international economic relations (so-called ex-post analysis); this is based on macroeconomic accounting relations, most of all the balance of payments, the international investment position and the national income accounting. Based on theoretical models, students then learn to explain the interplay between international economic relations and national macroeconomic outcomes and make predictions on the impacts of certain impulses (so-called ex-ante analysis). Following standard modern macroeconomic practice, the models start from microeconomic analysis of individual behaviour over time.

Exam:

Written exam of 60 minutes, based exclusively on the lecture and the tutorial of this semester. On my website, students find exams (including solutions) of previous years; they provide an impression of the style of the exam and indicate how I expect students to solve the exam problems. Thus, there should be no surprises – neither concerning the style nor the content of the exam.

Contents:

§ 1 Introduction

Part 1: The Balance of Payments

§ 2 Definition and Rules

§ 3 Some Important Balance of Payments Relationships

Part 2: The Basic Model of Intertemporal Trade

§ 4 Consumption, Savings, and the Current Account in a Small Open Economy with an Exogenous Income

§ 5 The Current Account in a Market Economy with Exogenous Incomes

§ 6 Intertemporal Trade with Production: The Case of the Representative Agent

§ 7 Intertemporal Trade with Production in a Market Economy

§ 8 An Infinite Time Horizon

§ 9 Endogenizing the World Interest Rate

Part 3: Intertemporal Trade: Applications and Extensions

§ 10 Limited Tradability, the Terms of Trade, and the Current Account

Part 4: The Real Exchange Rate**Bibliography:**

Frenkel, J. A./Razin, A. (1996) : Fiscal Policies and Growth in the World Economy. 3rd ed., London.

Harms, Ph. (2008): Internationale Makroökonomik. Tübingen.

Harms, Ph. (2016): International Macroeconomics. 2nd ed., Tübingen. ([Basic Reference!](#)
Available as an e-book in the university library)

Obstfeld, M./Rogoff, K. (1996): Foundations of International Macroeconomics. London.

Schmitt-Grohé, St./Uribe, M./Woodford, M. (2022): **International Macroeconomics. A Modern Approach**. Princeton.

Uribe, M./Schmitt-Grohé, St. (2017): Open Economy Macroeconomics. Princeton.