

## ECO 3713: International Macroeconomics

University of Florida

Spring 2022

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Instructor: Sankalp Mathur

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Class Meetings: Tuesdays and Thursdays: 4:05 PM – 6:00 PM (Periods 9-10)

Room Number: MAT 0103

Office Hours: Tuesdays and Thursdays: 1:55 PM – 2:45 PM (Period 7): MAT 339

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**Introduction and Course Goals:** The differences in the factor, wealth and geographical endowments of various countries incentivizes them to trade in goods, services and capital to maximize their economic welfare. International Macroeconomics is devoted to the study of these large scale economic interactions among interdependent countries in this globalized world. It is international because a deeper exploration of the interconnections among nations is essential to understand how the global economy works. It is macroeconomic because it focuses on key economy wide-variables such as exchange rate, prices, interest rates, income, wealth and the current account. The goal of the course is to understand three broad questions: How are goods traded between countries and why do exchange rates matter, and what explains their behavior? Why do countries borrow from and lend to each other, with what effects and how to account for these interactions? How do government policy choices affect macroeconomic and international outcomes? The course takes an international perspective and by the end of the course, you should be able to understand the media coverage of International Macroeconomics. You should be able to analyze the economic linkages between different countries-their currencies, their capital flows, the trade imbalances, etc. and have a deeper understanding of the economic, political and social implications of international macroeconomic policies.

**Assurance of Learning Objectives (Economics Majors):** Each major in the Warrington College of Business Administration and the College of Liberal Arts and Sciences has developed goals and objectives for students in that major. This course contributes to the following goals and objectives for Economics majors in both colleges

- Understand how decisions made by households, firms, the government and the foreign sector affect a country's macroeconomic variables like output, interest rates, inflation, exchange rates and the trade balance.
- Understand how economists use statistics to learn about economic behavior.
- Critically evaluate and compare alternative policies using complex criteria. Interpret, understand and communicate quantitative concepts.

**Prerequisites:** The prerequisites for this course are ECO 2013 & ECO 2023 (Principles of Macro & Micro). There are no other prerequisites. Specifically, you do not need to take ECO 3203 (Intermediate Macro) or ECO 3704 (International Trade) before you take this course.

**Main Textbook:** The recommended textbook for this course is International Macroeconomics (4<sup>th</sup>/5<sup>th</sup> edition) by Robert Feenstra & Alan Taylor (FT hereon).

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**Class Format:** Each class session is scheduled for 1 hour and 55 minutes, with a break of 10-15 minutes in the middle of each session.

**Assignments and Grading:** The student evaluations will be based on the following criteria:

Problem Sets: 30% (Due Dates: February 10<sup>th</sup>, March 10<sup>th</sup>, and April 12<sup>th</sup>)

Exam 1: 20% - February 24th

Exam 2: 20% - March 22nd

Exam 3: 30% - April 25th

The final letter grade will be determined by:

Score	Letter Grade
92-100	A
89-91.99	A-
86-88.99	B+
82-85.99	B
80-81.99	B-
77-79.99	C+
72-76.99	C
70-71.99	C-
60-69.99	D
0-59.99	E

**Problem Sets:** There will be three problem sets during the course. Each problem set accounts for 10% of the final grade, making the total of 30% of the final grade. The problem sets will usually cover two broad areas: to mathematically/graphically solve economic problems in international macroeconomics and to deal with data-intensive work to empirically understand the current environment of the global economy. The problem sets will be due in class. It may be typed or legibly handwritten and must be submitted in hard copy. Late submissions are not allowed and there will be no exceptions.

**Exams:** There will be three exams covering the topics discussed in the lectures. The exams will be designed to test your analytical skills to deal with problems in international macroeconomics. It will be in-person/in-class/closed-book. Non-programmable, four-function, and scientific calculators are allowed. You may not use a graphing calculator or any device with communications abilities. The use of cell phones, PDAs, or any other programmable device during an exam is not allowed and violating this policy will constitute a violation of the University of Florida Student Honor Code.

**Exam Make-Up Policy:** There are few valid reasons to miss an exam in this class (<https://archive.catalog.ufl.edu/ugrad/1617//regulations/info/attendance.aspx>). Midterm dates and times are announced far enough in advance for students to clear up conflicts without my involvement. In case of a valid excuse you can request a make-up exam (please email me for this). Any unexcused absence from the exam will imply a 0 grade.

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## **Class Schedule**

We will cover four broad modules: Introduction, The Exchange Rates, The Balance of Payments and Applications and Policy Issues.

### **Module 1: Introduction to International Macroeconomics (Jan 1 – Jan 13)**

Chapter 1: The Global Macro-economy

### **Module 2: The Exchange Rates (Jan 17 – Feb 24)**

Chapter 2: Introduction to Exchange Rates and the Foreign Exchange Market

Chapter 3: Exchange Rates 1: The Monetary Approach in the Long Run

Chapter 4: Exchange Rates 2: The Asset Approach in the Short Run

Deadlines: Problem Set 1 (Due: Feb 10)

Exam 1 (Due: Feb 24)

### **Module 3: The Balance of Payments (Mar 1 – Mar 24)**

Chapter 5: National and International Accounts: Income, Wealth and the Balance of Payments

Chapter 6: Balance of Payments 1: The Gains from Financial Globalization

Chapter 7: Balance of Payments 2: Output, Exchange Rates and Macroeconomic Policies in the Short Run

Deadlines: Problem Set 2 (Due: Mar 10)

Exam 2 (Due: Mar 22)

#### **Module 4: Applications and Policy (Mar 29-Apr 26)**

Chapter 8: Fixed vs Floating Regime: International Monetary Experience

Chapter 9: Exchange Rate Crises: How Pegs Work and How They Break

Chapter 10: The Euro: Economics and Politics

Deadlines: Problem Set 3 (Due: Apr 12)

Exam 3 (Due: Apr 26)

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**Counseling and Wellness:** If you are stressed out or experiencing difficulties, UF offers several services such as the Counseling and Wellness Center (<https://counseling.ufl.edu/>) and GatorWell (<https://gatorwell.ufsa.ufl.edu/>). Your mental health is very important and the earlier you seek help, the better. UF also has a food pantry (<https://pantry.fieldandfork.ufl.edu/>).

Contact information for the Counseling and Wellness Center: <http://www.counseling.ufl.edu>, 392-1575; and the University Police Department: 392-1111 or 9-1-1 for emergencies. Alachua Crisis Center: 352-264-6785. National Suicide Prevention Hotline: 1-800-273-8255.

#### **Evaluations**

I encourage you all to fill out the online course evaluation form that is available at <http://evaluations.ufl.edu>. The evaluations are usually open during the last 2-3 weeks of the semester.

**Academic Honesty:** You are expected to abide by the University's rules for academic honesty. These are available for your review at <http://www.dso.u.edu/judicial/academic.php>.

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