ECO 6936 - INTERNATIONAL MACROECONOMICS

University of Florida

Fall 2020

Instructor: Eugenio Rojas

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Class Meetings: Tuesdays-Thursdays 9:35AM - 11:30AM (Periods 3-4)

Zoom (link will be posted on Canvas)

Office Hours: Thursdays 2:30PM - 4:30PM, Zoom (link will be posted on Canvas)

TA: Ann Atwater

Email: annatwater@ufl.edu

Office Hours: Mondays and Wednesdays 4:00PM - 5:00PM, Zoom (link will be posted on Canvas)

Introduction and Objectives: This course uses theoretical foundations, based on intermediate macroeconomics, to understand and examine the international aspects of an open economy. The main topics studied include global imbalances, theories of current account and exchange rate determination, macroeconomic policy and exchange rate regimes, twin (fiscal and current account) deficits, and external debt macroeconomics. There is also empirical work involved. Students will have to work with data in order to solve problem sets and answer exams. By the end of the course students should be able to understand the theoretical and empirical implications of macroeconomic policy in an open economy context. The theoretical analysis in this course will be mathematically based. Students are expected to rely on intermediate micro and macro multivariate calculus, algebra, and basic econometrics.

Main Textbook: We will use the notes of Schmitt-Grohé, Uribe and Woodford (2019), SUW from hereon. These can be found on the Canvas site of the course.

The material from class will be partially be covered in the notes. You are responsible for the mate-

rial from class not covered by the notes.

Class Format: Each session is scheduled to last one hour and fifty-five minutes. We will have a fifteen-minute break towards the middle of the session. Roughly, three fourths of class time will be devoted to lectures. The remaining time will be used to solve problems and exercises based on previously covered topics and problem sets.

Class meetings will be on Zoom. The link to our regular meetings is posted on Canvas. Office Hours will also be held on Zoom and there is also a link for these on Canvas. Tuesday classes will be synchronous ("live") while Thursday classes will be asynchronous ("pre-recorded"). The link to the asynchronous lectures will be posted on Canvas.

I do not plan to record our live sessions. However, plans may change depending on how things evolve. Given this, our class sessions may be audio-visually recorded for students in the class to refer back and for enrolled students who are unable to attend live. Students who participate with their camera engaged or utilize a profile image are agreeing to have their video or image recorded. If you are unwilling to consent to have your profile or video image recorded, be sure to keep your camera off and do not use a profile image. Likewise, students who un-mute during class and participate orally are agreeing to have their voice recorded. If you are not willing to consent to have your voice recorded during class, you will need to keep your mute button activated and communicate exclusively using the "chat" feature, which allows students to type questions and comments live. The chat will not be recorded or shared. As in all courses, unauthorized recording and unauthorized sharing of recorded materials by students or any other party is prohibited.

Class Schedule: All the relevant dates for this course, including lectures, midterm exams, and due dates for problem sets, are set in a calendar that will be posted on Canvas. Make sure you can access and see the information with no problem. Important dates:

- First Day of Class: September 1st

- Problem Sets: Due September 29th, October 20th, and November 24th

- Midterm 1: October 27th

- Midterm 2: December 3rd

- Last Day of Class: December 9th

- Make-up Exam: December 16th

Canvas: Canvas is the official website for this course. All the material such as slides, problem sets, additional study material and your grades will be included in Canvas. Please make sure you are able to log on to this course site. If you have are not able to log in, you should contact me immediately.

Academic Integrity: You are expected to comply with the University's rules for academic honesty (which can be found here). Confirmed violations of these rules will result in disciplinary actions. Cheating is considered a serious offense to your classmates, to the University and to the instructor. I have a zero tolerance policy for cheating in this class and I will not make any exception.

Attendance Policy and Behavior: Class attendance is expected (and encouraged), and any material covered during the lecture is subject to evaluation. Please note that lectures will differ from the textbook.

On time exam submission is mandatory. There are few valid reasons to miss an exam deadline in this class (in order to be valid it should be listed in the University's policy found here). Midterm dates, deadlines, 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 a midterm will imply a 0 grade.

Topics

1. Global Imbalances (SUW, Chapter 1)

2. The Current Account

    (a) Current Account Sustainability (SUW, Chapter 2)
    (b) Intertemporal Current Account (SUW, Chapter 3)

    (c) Terms of Trade Shocks and the Current Account (SUW, Chapter 4)

    (d) (If time allows) Uncertainty and the Current Account (SUW, Chapter 5)

3. Large Open Economies (SUW, Chapter 7)

4. Real Exchange Rate

    (a) Power Purchasing Parity (SUW, Chapter 8)

    (b) Determinants of the Real Exchange Rate (SUW, Chapter 9)

5. Monetary Policy and Nominal Exchange Rate Determination (SUW, Chapter 12)

6. Twin Deficits (SUW, Chapter 14)

7. The Macroeconomics of External Debt (SUW, Chapter 15).

Assignments and Grading

The Final Grade is composed by 4 different elements, which are:

- Problem Sets, 40% of Final Grade

- Midterm 1, 30% of Final Grade

- Midterm 2, 30% of Final Grade

Your final letter grade will be determined as follows:

$$
\begin{array}{cc}
93 - 100 & A \\
90 - 92.99 & A- \\
87 - 89.99 & B+ \\
83 - 86.99 & B \\
80 - 82.99 & B- \\
77 - 79.99 & C+ \\
73 - 76.99 & C \\
70 - 72.99 & C- \\
67 - 69.99 & D+ \\
60 - 66.99 & D \\
0 - 59.99 & E
\end{array}
$$

Problem Sets: There are three problem sets during the semester. These will involve a combination of data work and problem solving related to the topics seen in class. Problem sets may require time to be solved, as data gathering may be required, so I suggest you to work with anticipation on them. Problem sets have to be submitted electronically (to my email) before the start of the corresponding lecture. No late submissions are allowed and there will be no exceptions.

Exams: The midterm exams will be a combination of problem-solving questions, short answer questions, and data-related questions (similar to the exercises in the problem sets). You will have between 24-48 hours (to be specified on each midterm) to electronically submit your exam (to my email). You will be able to use your notes to answer exams. No communication with your classmates is allowed. Cheating is a very serious offense that I do not take lightly.

Submissions must be made within the allocated time window. Exam submissions past the deadline will not be graded.

Computing Requirements: Make sure that you have sufficient access to a computer and stable, secure internet connection. This is required for succeeding in an online course. Having access to a webcam and a microphone is encouraged. The UF Catalog provides a decent set of minimum system requirements that should be sufficient for this course. You can access them here.

Internet Connectivity Issues: I only offer make-up assignments or exams when there are known system-wide outages. These are the only outages that I can verify. I cannot verify individual connectivity problems, and thus, cannot accommodate them. Please plan ahead so that you can submit your assignments well before the deadline. In this way, in case you experience internet connectivity issues, you can find an alternative for submitting your work.

You are responsible for verifying that any assignment submission has properly been submitted. As a best practice, after submitting any assignment, check your sent email folder, and check that your email appears as sent.