

ECO 6936 - INTERNATIONAL MACROECONOMICS

University of Florida

Fall 2019

Instructor: Eugenio Rojas

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Class Meetings: Tuesdays-Thursdays 11:45AM - 1:40PM (Periods 5-6), Room MAT 113

Office Hours: Thursdays 2:30PM - 4:30PM, Room MAT 331

TA: Sankalp Mathur

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Office Hours: Mondays-Wednesdays 2:30PM - 3:30PM, Room MAT 301A

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 parts of problem sets, and to write a policy essay. 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, or [here](#).

The material from class will be partially covered in the notes. You are responsible for the material 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. Students are highly encouraged to participate during lectures via asking questions relevant to the content being taught or by answering or providing insights on the concepts learned in class.

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 in Canvas. Make sure you can access and see the information with no problem. Important dates:

- First Day of Class: August 20th
- Problem Sets: Due September 17th, October 15th, and November 12th
- Policy Essay: Proposal due October 31st, essay due December 3rd
- Midterm 1: October 3rd
- Midterm 2: November 26
- Last Day of Class: December 3rd
- Make-up Exam: December 12th

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.

Exam attendance is mandatory. There are few valid reasons to miss an exam in this class (in order to be valid it should be listed in the University's policy found [here](#)). 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 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, 25% of Final Grade

- Policy Essay, 15% of Final Grade
- Midterm 1, 30% of Final Grade
- Midterm 2, 30% of Final Grade

Your final letter grade will be determined as follows:

93 – 100	<i>A</i>
90 – 92.99	<i>A–</i>
87 – 89.99	<i>B+</i>
83 – 86.99	<i>B</i>
80 – 82.99	<i>B–</i>
77 – 79.99	<i>C+</i>
73 – 76.99	<i>C</i>
70 – 72.99	<i>C–</i>
67 – 69.99	<i>D+</i>
60 – 66.99	<i>D</i>
0 – 59.99	<i>E</i>

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 physically or electronically (to my email) before the start of the corresponding lecture. No late submissions are allowed and there will be no exceptions.

Policy Essay: The policy essay of this course is similar to the policy papers used for decision guidance in government agencies and international organizations. The essay requires research and writing policy recommendations, based on the experience of one country that went over a financial crisis (after 1990). Each essay can be written by at most 2 students, and must consist of 3 parts: (1) document, using macroeconomic data, the facts of the crisis that affected the chosen country, (2) present an analysis of the causes and consequences of the crisis, (3) present policy recommendations to deal with the crisis that the country went over. The analysis of parts (2) and (3) must be

based on the material studied in the course and/or other reference material.

Students must submit a 1 page proposal (for approval) with the structure and contents of the essay no later than October 31st, 2019. Only essays with accepted proposals will be graded. The due date for the essay is December 3rd, 2019. Regarding formatting, each essay must be a maximum of 10 pages, double-spaced in standard 12 point font with 1 inch margins (including cover page, main text, figures and tables).

Exams: The midterm exams will be a combination of problem-solving questions and short answer questions (similar to the exercises in the problem sets).

During the exams: Calculators are not allowed during the exams. Cellphones and any other electronic devices must be turned off during the exams.