

# ECO 6936 - INTERNATIONAL MACROECONOMICS

University of Florida

Fall 2022

**Instructor:** Eugenio Rojas

**Email:** [erojasbarros@ufl.edu](mailto:erojasbarros@ufl.edu)

**Class Meetings:** Tuesdays-Thursdays 1:55PM - 3:50PM (Periods 7-8), MAT 103

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

**TA:** Qilin Zhang

**Email:** [qilin.zhang@ufl.edu](mailto:qilin.zhang@ufl.edu)

**Office Hours:** TBA, 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 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.

**Class Schedule:** All the relevant dates for this course, including lectures, midterm exams, and due dates for problem sets and presentations, 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: August 24th.
- Problem Sets: Due September 20th, October 6th, and November 10th
- Midterm 1: October 13th
- Midterm 2: November 17th
- Presentation Topic Proposal: October 20th.
- Presentations: November 22nd, 24th and 29th.
- Last Day of Class: December 7th
- Make-up Exam: TBA

**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](#)). Exam 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, 35% of Final Grade
- Midterm 1, 25% of Final Grade
- Midterm 2, 25% of Final Grade

- Presentations, 15% 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 electronically (to my email) before the start of the corresponding lecture. No late submissions are allowed and there will be no exceptions.

**Presentations:** The purpose of presentations in this course is similar to the one of policy presentations/papers used for decision guidance in government agencies and international organizations. You will have to research and propose policy recommendations, based on the experience of one country that went over a financial crisis (after 1990). For this, you will have to rely on the topics studied in class.

Students can work in groups of at most 2. Presentations 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 presentation no later than October 20th, 2022. Only presentations with accepted proposals will be graded.

**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). Non-programmable, four-function and scientific calculators are allowed; no other calculators are permitted. 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.

You will be allowed to use a 3-inch x 5-inch index card on each exam. This notecard must be handwritten on an actual index card and made by you. You cannot use a typed index card, nor can you cut paper down to 3x5 inches. I have allowed typed notecards in the past, but many concerns of cheating arose. Any use of a notecard that does not follow the rules stated here will constitute a violation of the University of Florida Student Honor Code.

**Recording Policy:** Students are allowed to record video or audio of class lectures. However, the purposes for which these recordings may be used are strictly controlled. The only allowable purposes are (1) for personal educational use, (2) in connection with a complaint to the university, or (3) as evidence in, or in preparation for, a criminal or civil proceeding. All other purposes are prohibited. Specifically, students may not publish recorded lectures without the written consent of the instructor.

A “class lecture” is an educational presentation intended to inform or teach enrolled students about a particular subject, including any instructor-led discussions that form part of the presentation, and delivered by any instructor hired or appointed by the University, or by a guest instructor, as part of a University of Florida course. A class lecture does not include lab sessions, student presentations, clinical presentations such as patient history, academic exercises involving solely stu-

dent participation, assessments (quizzes, tests, exams), field trips, private conversations between students in the class or between a student and the faculty or lecturer during a class session.

Publication without permission of the instructor is prohibited. To “publish” means to share, transmit, circulate, distribute, or provide access to a recording, regardless of format or medium, to another person (or persons), including but not limited to another student within the same class section. Additionally, a recording, or transcript of a recording, is considered published if it is posted on or uploaded to, in whole or in part, any media platform, including but not limited to social media, book, magazine, newspaper, leaflet, or third party note/tutoring services. A student who publishes a recording without written consent may be subject to a civil cause of action instituted by a person injured by the publication and/or discipline under UF Regulation 4.040 Student Honor Code and Student Conduct Code.

**Exam Make-Up Policy:** 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](#)). Dates and times of quizzes and the exam 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.

**Special Needs and General Comments on Wellness:** If you are a student with special needs and you require additional resources to participate successfully in this course, please contact me during the first week of classes. The Disability Resource Center may provide special accommodations for students. Once you obtain documentation from the DRC, please forward it to me and accommodations can be arranged.

College is an exciting learning experience and a unique opportunity for personal growth. It can, however, also be a stressful and difficult transitional period. If you are ever having general issues with your coursework in any course or trouble in your personal life, please seek help from myself or another faculty member. I also encourage you to utilize the FREE and ANONYMOUS services of the UF Counseling and Wellness Center.