

Economics 395L, Fall 2024
International Macroeconomics

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Syllabus

This course develops models for analyzing the determinants of international capital flows, trade imbalances, and exchange rates, aimed at graduate students in economics. We will explore key topics in international macroeconomics, including the implications of fixed and flexible exchange rates in models with nominal rigidities, the interactions between monetary and fiscal policy, and the dynamics of balance of payments crises. While the models align with current research literature, we will simplify our approach by focusing on a two-period framework to enhance understanding and application.

Text. The required text is “International Macroeconomics: A Modern Approach” by Schmitt-Grohe, Uribe, and Woodford (Princeton University Press). I will structure my lectures around the material in this textbook.

Class. Regular attendance at all class meetings is expected. However, I will not formally take attendance, and you do not need to notify me if you miss a class.

Prerequisites. This is a class for MA students that relies on optimization techniques. Having taken intermediate macroeconomics at the undergraduate level will be helpful, but this is not strictly necessary for success in this class.

Grading. Grades will be determined by problem sets and exams. There will be *at least* four problem sets, which, in total, will account for 20% of your final grade. There will be two exams: one midterm and one final exam. The midterm accounts for 35% of your final grade. The *cumulative* final exam accounts for 45% of your final grade. Final letter grades for the class will be curved per department guidelines.

Exam Dates. The midterm will be on Wednesday, October 16 in class; the final exam will be on Saturday, December 14, 12:00 pm-2:00 pm (this differs from the original final exam time provided by the University). It is possible, but unlikely, that this date/time changes to another time within the University’s final exam schedule; I will notify you if this occurs with advance notice. I will also provide more details as the exam draws nearer.

Communication. Contact me by email (trenton.herriford@austin.utexas.edu). You should usually expect a response in one business day. Please do not use Canvas messaging. For questions about content, I will ask that you use office hours and not email to ask these.

Canvas Site. <https://utexas.instructure.com>

Accommodations. If you are a student with a disability, or think you may have a disability, and need accommodations please contact Services for Students with Disabilities (SSD). You may refer to SSD's website for contact and more information: <http://diversity.utexas.edu/disability/>. If you are already registered with SSD, please deliver your Accommodation Letter to me as early as possible in the semester, so we can discuss your approved accommodations.

Title IX Reporting. I am a Title IX mandatory reporter, required to report any information to the Title IX Office regarding sexual harassment, sexual assault, dating violence, and stalking that is disclosed to me (including, but not limited to, in writing assignments, class discussions, emails, or one-on-one conversations). If you would like to speak with someone who can provide support or remedies without making an official report to the university, please email advocate@austin.utexas.edu.

Course Outline

Topics

Material

Introduction and the Balance of Payments

Chapters 1 and 2

Determinants of the Current Account

Chapters 3 and 5

The Real Exchange Rate

Chapters 9 and 10

International Capital Mobility

Chapters 11 and 12

Monetary Policy and Exchange Rates

Chapters 13, 14, and 15

Note: Specific material covered may differ somewhat from outline depending on time, and we may ultimately go a little faster or slower than suggested by this schedule. Additionally, I may choose to cover additional material from the textbook depending on how the class is progressing.