

Economics 395L, Fall 2025
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. Lectures will be held on Mondays/Wednesdays from 11:00am–12:30pm in BRB 2.136. 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 15 in class; the final exam will be on Saturday, December 13, 1:00-3:00pm. 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.

Office hours. Wednesdays 12:30–1:30 pm in BRB 2.146 or by appointment. *If you are feeling unwell, please do not attend office hours in person; instead, please email me to talk over Zoom.*

Accommodations. If you are a student with a disability or think you may have a disability and need accommodations, please contact Disability and Access (D&A). You may refer to D&A's website for contact and more information: <https://disability.utexas.edu>. If you are already registered with D&A, please deliver your accommodation letter to me as early as possible in the semester. Please note that if you have approved accommodations, per D&A's guidelines your accommodations still do not go into effect until *after* you have discussed these accommodations with me, so please do this as soon as you can.

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.

Tentative Course Outline

Topics

Reference

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 this 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.