

ECO 4713 – International Macroeconomics

International Economics (ECO 3703) emphasizes microeconomics, except for a little on the current account and exchange rates, International Macroeconomics (ECO 4713) looks at the other half of the picture.

ECO 3703 notes that a country's current account must equal its income minus spending ($X-M = Y-E$). But what determines income and spending? That's where ECO 4713 picks up the story. Interest rates play a role, but so do international factors such as exchange rates, foreign lending and borrowing, and the incomes and policies of a country's trading partners. And the long-run differs from the short-run, of course.

ECO 3703 notes some advantages and disadvantages of fixed and floating exchange rates. Again, ECO 4713 takes that story and goes deeper. Looking at history, which countries have higher economic growth, lower unemployment, and lower inflation—those with fixed exchange rates or those with floating rates? What sorts of countries should be fixed and which should float? And what about all the different currency systems, such as currency boards, multiple exchange rates, and multinational currencies like the Euro?

The above two topics help one see a bit better what the likely effects would be of \$600 checks the US government sends to many in the public. Is this a short-term gain (more spending and more jobs) but a long-term loss (debt)? Or is there even a short-term gain? How much of the extra spending will be on imports and so not cause a demand for US goods?

Other big topics in International Macroeconomics might include

- the differences in labor markets between the US, the EU, Japan, and other countries, and how those differences influence macroeconomic situations.
- the economic growth of countries such as China and the role of macroeconomic policies (including exchange rate policies) in that growth.
- how government policies work under fixed and floating exchange rates.
- US international debt.
- the causes and effects of currency crises in Russia, Latin America, East Asia, and elsewhere and what, if any, implications there are to the current US situation.
- the financial systems in developing countries.

Note on prerequisites—The official prerequisite in the catalogue in Managerial Economics (or Intermediate Price Theory). We do not think that that prerequisite is valuable for this class, so we've arranged things so that the USFSP advisors (in both Business and Arts+Sciences) will let you into the classes as long as you've had ECO 3703, International Economics (whether you are a USFSP or USF-Tampa student).

Economics and International Business Minors—This course (and ECO 3703 and ECO 4723) can double count towards both an International Business minor and an Economics major or minor. More info is available at the USFSP COB website under Economics.