

University of Maryland, College park
Department of Economics

Syllabus

International Macroeconomics and Finance (ECON 683)

Fall 2020

Professor: Mahsa Gholizadeh, Ph.D.

Email: mahsag@umd.edu

Class meets: Thursdays 7-9:15

Office hours: 5:00-5:30 (virtual)

Teaching Assistant: Eugene (Kai Chung) Oue

Email: KCOue@umd.edu

Office Hours: TBA

Required textbook:

International Macroeconomics, 3rd edition, Robert Feenstra and Alan Taylor, ISBN-10: 1-4292-7843-9

Additional Lecture Notes and Articles will be posted on ELMS

Side read:

<http://www.economonitor.com/>

<http://www.economagic.com/>

Important NOTE:

Please make sure to check ELMS regularly. Emails are the primary means of communication this semester make sure to check your emails regularly. I will post all the class materials on ELMS and you will be turning your assignments in on ELMS. The class has two lectures asynchronous and synchronous. The asynchronous lectures are going to be videos posted on ELMS linked to the lecture notes of the same week. The synchronous sessions are only available live on Thursdays 7-9:15 and if you miss a session it is equivalent of missing an in-person session.

Prerequisites

ECON 642 and ECON 645 (can be taken concurrently with ECON 683).

Course Website: Copies of the course syllabus, your grades, and other relevant links and documents will be posted on the course's ELMS website. You can access the site via www.elms.umd.edu. You will need to use your University of Maryland "directory ID" and password.

General Announcements:

The University has adopted email as the primary means of communication outside the classroom, and I will use it to inform you of important announcements. Students are responsible for updating their current email address via <http://www.testudo.umd.edu/apps/saddr/> AND for paying attention to messages I send to the class. Failure to check email, errors in forwarding email, and returned email due to “mailbox full” or “user unknown” will not excuse a student from missing announcements or deadlines.

If you require any type of special accommodations, please let me know by no later than the end of the second class so that there is sufficient time to plan ahead for your needs. Please see the last section of this syllabus for further details (“Students with Disabilities” subsection).

General Description, Overview

This course focuses on economic analysis of international macroeconomic issues and policy. Topics can include the study of exchange rates, balance of payments, international financial markets, international business cycles, contagion, and the roles played by international economic institutions.

Course Objectives

Our program has 7 general learning objectives:

- 1. Ability to understand, evaluate and analyze economic data**
- 2. Ability to understand and interpret statistical evidence from economic data**
- 3. Ability to apply empirical evidence to assessing economic arguments**
- 4. Ability to apply macroeconomic theories to policy discussions**
5. Ability to apply microeconomic theories to policy discussions
- 6. Ability to communicate economic ideas to a broader audience**
7. Ability to evaluate the effectiveness of policy programs using sound economic techniques

The learning outcomes that pertain to this course are: 1, 2, 3, 4 and 6

Methodology and tips on how to do well in this course:

You are expected to read and study the material covered in the majority of the textbook throughout the course. Most students will need to read some of the passages multiple times to really master the material. While you are responsible for all readings assigned in the textbook, this is a Master’s class so do not expect that in class I will be going over all topics covered in any one chapter of the textbook. Instead, I will use class time to focus on certain topics of interest, and also the development of the lecture notes. For each chapter, I will suggest practice problems from the textbook. You are not required to hand in all the practice problems, but you will pick one which you think you were able to give the complete answer to and turn that in at the beginning of each class those would be part of your class participation grade. The suggested problems’ solutions will be posted each week on the course’s ELMS webpage. **For you to be able to do well in the class, it is crucial that you master the materials covered in the lecture notes in addition to the suggested textbook problems.**

Assignments and Grading:

Class participation and practice problems (10 percent):

These will be part of your class participations along with the practice problem you turn in at the beginning of every other class. Remember you won't earn partial credit for turning these practice problems in.

Weekly Online discussions (10 percent):

Each week there will be an online discussion (to access these, go to the "Discussions" tab in the course's ELMS website). Weekly discussions are related to the materials covered that week in class. Three of those discussions are related to the presentation posted by your fellow classmates that week, the rest is assigned by me related to the material covered in class. You will have until the following Monday 12:00PM to participate in that class discussion. By this time you have picked your teammate for presentation so you may work with your teammate and leave comments for your team.

The grades for discussions are letter grades A, B, C, or D. Your final discussion grade will be equal to the simple average of all your individual discussion grades. I will participate in the online discussions as well. You are responsible to keep track of new comments and express your constructive feedback. Discussions that are original and constructively move the discussion forward receive the full grade of A. Discussions that clarify or seek clarification of ideas already expressed receive B. Discussions that attempt to apply what we have learned but doesn't quite get it right will receive C. Discussions that make a casual observation that someone outside the course could have made but doesn't contribute at least marginally to the discussion receive D.

Group presentation (20 percent)

There are six major puzzles in International Macroeconomics, which are detailed, and a common solution to all of them is proposed, in the following paper. Obstfeld, M. and K. Rogoff. 2000. The Six Major Puzzles in International Macroeconomics: is there a Common Cause? NBER Macroeconomics Annual, Vol. 25, MIT Press: 339-412. By the first class you will be randomly assigned to 5 groups as well as given a presentation date

Presenters will record their presentations beforehand and upload them on ELMS on a Friday specified on the class schedule. Other students will read the paper and react to it. Then we will have a brief discussion on that topic in class together.

Details regarding presentation and how it will be graded will be posted on the ELMS website.

Mini Projects: (20 percent)

The data-based assignments require the use of econometric software or a spreadsheet. I may sometimes provide students with data for their assignments, or students might have to go online on IFS or other websites to download the data. Students can work in groups of two.

Projects (the details will be posted on ELMS):

- 1- The primary purpose of this assignment is to introduce students to data analysis software.
- 2- For this assignment you will have two topics to choose from.

Details regarding mini projects and how they will be graded will be posted on the ELMS website.

Midterm (20 percent) will be during the synchronous meeting. You will be given an hour to finish about 40 multiple choice questions. You will submit your exams on ELMS. (You may use your notes, however, it is not advised because you only have an hour.)

Final Exam (20 percent) will be open book. You will be given scenarios in international macroeconomics context that you are expected to use models you learned in class to respond to them. The exact time will be determined later on. You will submit your exams on ELMS.

At the end of the term, every student will have a numerical course grade between 0 and 100. I will decide upon the numerical cutoffs between various letter grades based on my professional judgment. I will consider students' performance relative to the class. I will also consider absolute standards of professional competence. Highly competent students will get A's. Barely competent students will get B's. Incompetent students will get B-'s or worse. The cutoffs that I use will respect the ordinal ranking of numerical course grades. No student with a given numerical course grade will receive a lower letter grade than someone else with a lower numerical course grade.

Class Schedule

NOTE: All assignments are due at the beginning of the class. The textbook is referred for short as "FT."

Week 1. (September 3) Global Macroeconomy: Mathematical Background & Introduction

Read: FT chapters 1 & 5

Presentation schedule

Participate in discussion 1 by Monday 12:00PM.

Week 2. (September 10) Global Financial Markets and Exchange rates

Read: FT chapter 2

(you must have picked your presentation topic by this class)

Participate in discussion 2 by Monday 12:00PM.

Week 3. (September 17) Money and Exchange rates I: Long Run

Read: FT chapter 3

Participate in discussion 3 by Monday 12:00PM.

Week 4. (September 24) Money and Exchange rates II: Short Run

Read: FT chapter 4

Turn Project I in

Post video of class presentations by Friday at 10 pm.

Participate in presentation discussion by Monday 12:00PM

Week 5. (October 1) Exchange rates, trade balance, and the current account

Synchronous Discussion: First set of presentations

Participate in discussion 4 by Sunday 11:59pm

Week 6. (October 8) Purchasing Power Parity

Balassa-Samuelson

Read: FT chapter 3 & lecture notes

Participate in discussion 5 by Monday 12:00PM

Week 7. (October 15) Short Review

Midterm Exam Covers weeks 1 to 6

Participate in presentation discussion by Monday 12:00PM

Week 8. (October 22) Balance of payments model

Read: FT chapter 7

Post video of class presentations by Friday at 10 pm

Participate in discussion 6 by Monday 12:00PM

Week 9. (October 29) Mundell Fleming Model

FT: Chapter 8, Lecture note

Synchronous Discussion: Second set of presentations

Participate in discussion 7 by Monday 12:00PM

Week 10. (November 5) Fixed versus floating exchange rate Monetary Policy and Capital Flows

FT: Chapter 8, Lecture note

Participate in discussion 8 by Monday 12:00PM

Week 11. (November 12) **Fixed** versus floating exchange rate

FT: Chapter 8, Lecture note

Participate in discussion 9 by Monday 12:00PM

Week 12 (November 19) Optimum Currency: Euro

Mark. Ch. 8 & Lecture note

Turn Project II in.

Participate in discussion 10 by Monday 12:00PM

November 26 Thanksgiving ----- No Class

Week 13 (December 3) Topics in international macroeconomics

Read: chapters 10 and 11

Post video of class presentations by Friday at 10 pm

Participate in presentation discussion by Monday 12:00PM

Week 14 (December 10) Topics in international macroeconomics: Current Events (COVID-19)

Synchronous Discussion: Last set of presentations

Participate in discussion 11 by Monday 12:00PM

Week 15 (December 17) **Final Exam**

Standard Policies for the Program and the University of Maryland

For your own information, please read the following boilerplate statements, which must appear in every syllabus in our program. Copy and paste these statements into your syllabus:

Course Website: Copies of the course syllabus, your grades, and other relevant links and documents will be posted on the course's ELMS/Canvas website. You can access the site via www.elms.umd.edu. You will need to use your University of Maryland "directory ID" and password.

Email: Email is the primary means of communication outside the classroom, and I will use it to inform you of important announcements. Students are responsible for updating their current email address via <http://www.testudo.umd.edu/apps/saddr/> AND for paying attention to messages I send to the class via ELMS. Failure to check email, errors in forwarding email, and returned email due to "mailbox full" or "user unknown" will not excuse a student from missing announcements or deadlines. I will do my best to respond to email within 36 hours.

Work Load: Mastering the material covered in this course requires a significant amount of work outside of class. Students should expect to spend more time outside of class than in class – typically at least twice as much time.

Academic Integrity: The University of Maryland has a nationally recognized Code of Academic Integrity, administered by the Student Honor Council. This Code sets standards applicable to all undergraduate and graduate students, and you are responsible for upholding these standards as you complete assignments and take exams in this course. Please make yourself aware of the consequences of cheating, fabrication, facilitation, and plagiarism. For more information see www.studenthonorcouncil.umd.edu

Student Conduct: Students are expected to treat each other with respect. Disruptive behavior of any kind will not be tolerated. Students who are unable to show civility to one another or myself will be referred to the Office of Student Conduct. You are expected to adhere to the Code of Student Conduct.

Excused Absences: The University of Maryland's policy on excused absences is posted here: <http://www.president.umd.edu/administration/policies/section-v-student-affairs/v-100g>

Please note:

If you miss any class meetings for any reason, you are still responsible for all material covered during the meeting you missed. It is your responsibility – not the instructor’s – to make sure you catch up on the missed material. Instructors routinely facilitate things by posting lecture notes, etc.

If you need to miss an exam or other graded course requirement because of illness, injury, or some other emergency: Follow doctor's orders and get documentation. Get in touch with the instructor as soon as you're able – preferably prior to missing the exam or deadline. Communicate with the instructor to make up the course requirement as soon as possible. You are entitled to recover before you make up the course requirement, but you are not entitled to extra days to study beyond the time the doctor's note says you're incapacitated. If you are incapacitated for more than a week or so beyond the end of the term, your grade in the course will be an “Incomplete”. In such cases you must negotiate a plan with your instructor for completing the course requirements. Once you make up the course requirement the instructor will change your "I" to the appropriate letter grade.

School Closings and Delays: Information regarding official University closing and delays can be found on the campus website and the snow phone line: (301) 405-SNOW (405-7669) The program director will also announce cancellation information to the program as an announcement on the program’s ELMS/Canvas site. This will generally be done by 1:00 p.m. on days when weather or other factors are an issue. If classes need to be cancelled during the semester, it may be necessary to move the final exam back a week so missed classes can be made up.

Students with Disabilities: The University of Maryland does not discriminate based on differences in age, race, ethnicity, sex, religion, disability, sexual orientation, class, political affiliation, and national origin. Reasonable accommodations will be made to students with documented disabilities. I will make every effort to accommodate students who are registered with the Disability Support Services (DSS) Office and who provide me with a University of Maryland DSS Accommodation form.

Academic Progress: The graduate school requires that students maintain a GPA of at least 3.0. Students whose cumulative GPA falls below 3.0 will be placed on academic probation by the graduate school. Students on academic probation must ask the program’s director to petition the graduate school if they want to remain in the program. The petition must include a plan for getting the student’s GPA up to at least 3.0. Students who do not live up to their plan can be forced to leave the program without having earned the degree. Note: a grade of "B" corresponds to a GPA of 3.0. A grade of "B-" corresponds to a GPA of 2.7.

Courses that require students to use laptop computers should have the following about minimum laptop computer expectations:

Laptop Computer Requirement: Completing some of this course’s requirements will require a laptop computer (not a notebook or a tablet!) with at least 1 GB of RAM and at least 5 GB of free space available on the hard-drive. We recommend laptops with at least a 15-inch screen. Screens smaller than 13 inches are probably not practical.

Courses that require students to do empirical work should include the following about Stata:

Purchasing Stata: Students in our program must purchase Stata. Stata offers different "flavors" and different lengths of licensing. Price varies according to these two factors. We do not recommend Small Stata since it is too limited for the coursework in our program. Stata/IC is the least expensive and sufficient version for your coursework. With a single-user license, you can install Stata on up to three computers. Description of all the flavors are given here:

<http://www.stata.com/products/which-stata-is-right-for-me/>

You can obtain Stata at discounted rates through the Campus GradPlan, in which University of Maryland, College Park is a participating institution. To benefit from the discounted prices, click on the link below and pick the Stata version you would like to buy.

(Note: Disregard the warning at the top which states that you must be a faculty or staff member. That is not correct.)

<http://www.stata.com/order/new/edu/gradplans/campus-gradplan/>

Through the Campus GradPlan you can buy either an annual (\$125 for Stata/IC) or a perpetual license (\$198 for Stata/IC). The perpetual license does not expire and is the most cost effective option assuming that you will stay in the program for at least 15 months. There are also upgrade discounts provided to perpetual license holders. During the checkout process you will be asked to verify your "@umd.edu" email address.

If you wish to buy a 6-month license (\$75 for Stata/IC), you need to order it as a regular student using the following link:

<http://www.stata.com/order/new/edu/gradplans/student-pricing/>

During the checkout process you will be asked to upload a copy of your student ID or another document as a proof of your enrollment.