

University of Maryland, College park
Department of Economics
Master of Science in Applied Economics

Syllabus

International Macroeconomics and Finance (ECON 683)

Fall 2021

Professor: Mahsa Gholizadeh, Ph.D.

Email: mahsag@umd.edu

Class meets: **TYD 1132**, Wednesdays 6:30-9:15, with a 15-minute break at some point **between 7:30 and 8:15.**

Office hours: 5:30-6:00 on Zoom Mondays

Office: Morrill 1102C.

Teaching Assistant: **Kenji Higa-Flores (KenjiHF@umd.edu)**

Office Hours: Tuesdays 5:30-6:30 at Morrill Hall 1102

Required textbook:

International Macroeconomics, 4th edition, Robert Feenstra and Alan Taylor,

Additional textbook: <https://www3.nd.edu/~nmark/book/book.htm>

Additional Lecture Notes and Articles will be posted on ELMS

Side read:

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

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

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. **All course materials will be posted under the "syllabus" tab in the course's ELMS website. Please take diligent time as soon as possible to familiarize yourself with the layout of the "syllabus" tab.**

NOTES:

Email: 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.registrar.umd.edu/current/> (under the first major heading of "Online Transactions" there is a link to "Update Contact Information"). You are required to pay attention to ELMS/Canvas Announcements I send to the class. You should make sure ELMS/Canvas Announcements and messages are forwarded to an email address that you check regularly. 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.

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).

Covid-19 Information: <https://umd.edu/4Maryland>

Up-to date information about UMD Covid-19 policies and guidance are posted at <https://umd.edu/4Maryland>. Given the evolving nature of the pandemic, the guidance and policies are subject to change. The plans area always coordinated with state and county health officials, with additional guidance provided by the University System of Maryland. The focus will always be on the health and well-being of our entire campus community.

We strongly urge all students, staff and faculty to read announcements they receive about Covid-related guidance and policy, and to stay familiar with the information posted at <https://umd.edu/4Maryland>. We thank you all for your individual efforts to help protect the collective health of our entire community.

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. **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 assigned problem sets.**

Grading:

Class participation	5%
Problem sets	10%
Midterm	20%
Mini projects	15%
Presentation	20%
Final Exam	30%

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 participation and practice problems (10 percent):

These will be part of your class participations along with the problem sets (Check the due dates for problem sets). Remember you won't earn partial credit for turning these practice problems in.

Problem Sets

The three problems sets are intended to provide a review of the theoretical models covered in this course. The objective of having these problem sets is to help you understand the intuition behind these models and build analytical skills by solving for different scenarios.

Details regarding problem sets and grading:

- Problem sets are collected electronically (scanned submissions must be in readable condition)
- The grades for the problem sets are A, B, and C
- They must be individually worked
- If for any reason you miss the deadline to turn the problem sets in your grade automatically starts from B

Group presentation (20 percent)

There is a presentation requirement for this course. You will have to pick a country of your interest and work in a group with your classmates. The details will be discussed in first session and also I will post a rubric. By the first class you will be assigned to 5-6 groups as well as given a presentation date.

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

Mini Projects: (15 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) Format will be announced

Final Exam (30 percent) Format will be announced

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 (dates are subject to change)

NOTE: The textbook is referred for short as "FT."

- Week 1.** (Sep. 1) Introduction Global Macroeconomy: Introduction read: US Economic Outlook, Clarida, R <https://www.federalreserve.gov/newsevents/speech/clarida20210325a.htm>
Global Macroeconomy: Mathematical Background & Introduction (Mark Ch. 2)
Read: FT chapters 1 & 5
Presentation schedule and group set ups
- Week 2.** (Sept. 8) Global Financial Markets and Exchange rates
Read: FT chapter 2
(you must have picked your presentation topic by this class)
- Week 3.** (Sept. 16) Money and Exchange rates I: Long Run
Read: FT chapter 3
Class presentation: Brazil (New Real 1990)
Read Frankel (1976) "A Monetary Approach to the Exchange Rate: Doctrinal Aspects and Empirical Evidence"

- Week 4.** (Sept. 22) Money and Exchange rates II: Short Run
Read: FT chapter 4
- Week 5.** (Sept 29) Exchange rates, trade balance, and the current account
Class Presentation: Thailand, South Korea, and Indonesia (Asian Crisis)
Read: Claudio Borio (2016) On the centrality of the current account international economics, <https://www.sciencedirect.com/science/article/abs/pii/S0261560616000309>
- Turn problem set 1 in**
- Week 6.** (Oct. 6) Purchasing Power Parity Balassa-Samuelson
Read: FT chapter 3 and lecture notes
Read: <https://www.economist.com/big-mac-index>
Class presentation: Turkey (Hyperinflation)
- Week 7.** (Oct. 13) Balance of payments model: The Gains from Financial Globalization
Read: FT chapters 6 & 7
- Turn problem set 2 in**
- Week 8.** (Oct. 20) Review
Midterm Exam
- Week 9.** (Oct. 27) Portfolio Balance Model of exchange rate determination
Lecture note
Read: Christopher Neely (1999), An Introduction to Capital Controls
<https://files.stlouisfed.org/files/htdocs/publications/review/99/11/99111cn.pdf>
- Week 10.** (Nov. 3) Exchange rate overshooting,
Mundell Fleming Model: fixed versus floating exchange rate, capital controls
Class Presentation: China (Yuan)
FT: Chapter 8, Lecture note
- Week 11.** (Nov. 10) Mundell Fleming Model, How Pegs work and how they break, currency crisis
Class Presentation: Currency Crises: Argentina
Mark. Ch. 8 & Lecture note
Turn problem set 3 in
- Week 12.** (Nov. 17) Optimum Currency: Euro
Read: Ch. 9 & Lecture note
Read: A Theory of Optimum Currency by Robert Mundell
- (Nov. 24) **THANKSGIVING NO CLASS**

Week 13. (Dec. 1) Topics in international macroeconomics: the Great Recession and global policy response

Read: chapters 10 and 11

Class Presentation: Mexico

Week 14. (Dec. 8) Topics in international macroeconomics: Current Events (COVID-19)
Review and wrap up

Week 15 (Dec. 15) 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.

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.

Graduate Academic Counselor: The UMD Graduate School also has an academic counselor available to support students who are having difficulty navigating mental health resources on campus, are considering a leave of absence and/or need assistance finding mental health care off campus. The Graduate Academic Counselor also facilitates bi-weekly Graduate Student Circle Sessions which provide an opportunity to learn about resources and connect with other graduate students. Students can learn more about the Graduate Academic Counselor by going to: <https://gradschool.umd.edu/gradcounselor>

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.

Access to Morrill Hall and Morrill 1102: Morrill Hall is locked every day from 7:00 p.m. - 7:00 a.m. Your university ID gives you swipe access to the back door of the building.