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

<u>Syllabus</u>

International Macroeconomics and Finance (ECON 683)
Fall 2021
Professor: Mahsa Gholizadeh, Ph.D.
Email: mahsag@umd.edu
Class meets: in Washington, DC, **location: 1400 16th Street, NW, suite 140**
Thursdays 6:45-9:30, **with a 15-minute break at some point between 7:45 and 8:30**
Office hours: 5:00-5:30 on Zoom Mondays

Teaching Assistant: Kenji Higa-Flores
Email: KenjiHF@umd.edu
Office Hours: Wednesdays 5:30-6:30 on Zoom

Required textbook:
International Macroeconomics, 4th edition, Robert Feenstra and Alan Taylor, ISBN-10: 1-4292-7843-9

Not required: (added to lectures)
Mark, Nelson C. (2001) *International Macroeconomics and Finance: Theory and Econometric Methods*. Hoboken, New Jersey: Blackwell Publishers.

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.

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.
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 polices 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, and also the development of the lecture notes. <u>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</u>. 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.**

<u>Assignments and Grading</u>:

<u>Class participation and practice problems</u> (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.

<u>Problem Sets</u>

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

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 Wednesday 11:59pm 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 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: (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. It is also a first look at the relationship between the spot rate and the relative price level and teach how to retrieve data from the International Financial Statistics (IFS).
2- The objective of this exercise is to explore Frenkel's work on the post-WWI German hyperinflation by attempting a replication and extension of the results reported in Frenkel (1976). [A monetary approach to the exchange rate: Doctrinal Aspects and Empirical Evidence, Frenkel, J. (1976), The Scandinavian Journal of Economics, Vol. 78, No. 2]
3- Long-run purchasing power parity. (Gain experience retrieving data from the web for empirical work.

Details regarding mini project:

- Create a course folder econ683. Keep your data and scripts in that folder. Always keep your raw data unedited. Instead work with a copied version so that you can easily retrieve the raw data if you need to. Create .do files for your project and write your codes there and add informative comments for the reader of your program. On the top add the author and date of the program. You turn your .do files in therefore make sure you file is debugged and reproducible. (20 points)
- For each assignment you must create a report:
    o Your report should include a full discussion of your work, and should reference to any graph that you create. (20 points)

- o If you run regressions, you should have the table in your report and have a discussion about your results (20 points)
- o Tables should look professional for presenting in a paper. And a discussion must follow your table explaining the results. Your tables must be numbered and have a table title and a footnote if something needs explanation. (15 points)
- o Graphs should look professional for presenting in a paper Graphs must be created by your data source, have number, title, and axis label. (15 points)
- o Create your report as PDF. You will submit everything electronically before class. (10 points)

Midterm (20 percent) Format will be announced

Final Exam (20 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. 2)   Introduction Global Macroeconomy: Introduction read: US Economic Outlook, Clarida, 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
Participate in discussion 1 by Wednesday 11:59pm.

Week 2. (Sep. 9)   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 Wednesday 11:59pm.

Week 3. (Sep. 16)   Money and Exchange rates I: Long Run

Read: FT chapter 3
Class presentation: Brazil (New Real 1990)
Participate in discussion 3 by Wednesday 11:59pm.

Week 4. (Sep. 23)   Money and Exchange rates II: Short Run
Read: FT chapter 4
Participate in discussion 4 by Wednesday 11:59pm.

Week 5. (Sep. 30)   Purchasing Power Parity Balassa-Samuelson Critique
Read: FT chapter 3 and lecture notes
Class presentation: Turkey (Hyperinflation)
Turn problem set 1 in
Participate in discussion 5 by Wednesday 11:59pm.

Week 6. (Oct. 7)   Balance of payments model
Read: FT chapters 6
Midterm Exam
Participate in discussion 6 by Wednesday 11:59pm.

Week 7. (Oct. 14)

Exchange rates, trade balance, and the current account
Class Presentation: Thailand, South Korea, and Indonesia (Asian Crisis)
Participate in discussion 7 by Wednesday 11:59pm.

Week 8. (Oct. 21)   Balance of payments model
Read: FT chapter 7
Turn problem set 2 in
Participate in discussion 8 by Wednesday 11:59pm.

Week 9. (Oct.28)   Mundell Fleming Model, Fiscal and Monetary Policy and Capital Flows
Class Presentation: China (Yuan)
FT: Chapter 8, Lecture note
Participate in discussion 9 by Wednesday 11:59pm.

Week 10. (Nov. 4)   Mundell Fleming Model Fixed versus floating exchange rate, currency
crisis

FT: Ch. 8 & Lecture note
Class Presentation: Currency Crises: Argentina
Turn problem set 3 in
Participate in discussion 10 by Wednesday 11:59pm.

Week 11. (Nov. 11)   Optimum Currency and Topics in international macroeconomics and
review

> **Class Presentation:** Mexico
> Read: chapters 10 and 11
> Participate in discussion 11 by Wednesday 11:59pm.

Week 12. (Nov. 18)   **Final Exam**
> Participate in discussion 12 by Wednesday 11:59pm.

Standard Policies for the Program and the University of Maryland

Contact Hours: Three credit courses at the University of Maryland require a minimum amount of contact between instructors and students. Our courses' 12 weekly meetings only satisfy 80% of the university's contact requirement. The other 20% is satisfied by weekly mandatory and graded online contact. In principle, the contact hours requirement could be satisfied by scheduling 3 additional 150-minute meetings per term, or 6 additional 75-minute meetings, or 10 additional 45-minute meetings. But in practice the contact hours requirement is satisfied by the weekly online discussions. The weekly online discussions are a more flexible way to ensure that our program's courses in DC provide the same level of student-instructor contact as the traditional 15-week face-to-face version of the same course when it is taught on campus in College Park.

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. The courses in our DC program are 12-week courses that cover all the same material as a traditional semester-long 3-credit course (15 weeks). The compressed schedule makes it possible to complete our degree in just 15 months if you take 2 courses each term. But the compressed schedule also implies an accelerated pace with an average of 25% more work per week in a given course ($15/12 = 1.25$). The normal full-time load in a master's program is 3 courses per semester, or 6 courses per year. The weekly work load when taking 2 of our DC courses per term is equivalent to the load from 2.5 "normal" 15-week courses - so 2.5/3.0=83% of a full-time load. Students who take 2 courses per quarter in our program complete 8 courses per year. So over the course of a year, taking 2 courses per quarter in our DC program is equivalent to 133% of a full-time load ($8/6 = 1.33$).

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 get yourself caught up in the course. 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). Since our program is an evening program in downtown Washington, DC, rather than a day program in College Park, we do not always cancel classes on the same days as the College Park campus. The program director will always 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.

UMD Counseling Center: Sometimes students experience academic, personal and/or emotional distress. The UMD Counseling Center in Shoemaker Hall provides comprehensive support services that promote personal, social, and academic success. The cost of these services is covered by the fees you already paid when you registered for classes, and there is no additional charge if you use the services. Proactively explore the range of services available, including the Counseling Service, Accessibility and Disability Service, Learning Assistance Service, and the Testing Office, all described at http://www.counseling.umd.edu/

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, or national origin. Reasonable accommodations will be arranged for students with documented disabilities. Students who have an accommodations letter from the Accessibility and Disability Service (ADS) should meet with me during the first week of the term to discuss and plan for the implementation of your accommodations. If you require reasonable accommodations but have not yet registered with ADS, please contact the Accessibility and Disability Service at 301-314-7682 or adsfrontdesk@umd.edu.

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 enrolled 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 have their enrollment in the program terminated 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.