

**University of Maryland-College Park
Department of Economics, Washington DC location
Master of Sciences in Applied Economics Program**

Syllabus

International Macroeconomics and Finance (ECON 683)

Fall 2022

Professor: Mahsa Gholizadeh, Ph.D.

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Class Meets: Wednesday 6:45-9:30PM, with a 15-minute break around 8:00.

Office hours: Mondays 4:00-4:45 pm (virtual)

Teaching Assistant: Wantsian Huang

Email: whuang11@umd.edu

Office Hours: 5:15 to 6:15 pm on Tuesdays

Required textbook:

Robert Feenstra and Alan Taylor, **International Macroeconomics**, 5th edition (or older editions), ISBN:9781319218423

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.

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.

The “Course Objectives” section near the beginning of each syllabus must discuss how the course provides a basis for assessing students in terms of the program’s 7 general learning outcomes. The deans who police our syllabi want to see the Course Objectives described in the following way:

Our program has 7 general learning outcomes for students:

- 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: *List the subset of numbers 1-7 that apply.*

In your case I would think 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 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 three problem sets.**

Assignments and Grading:

Class participation and 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 Sunday 11:59 to participate in that class discussion.

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.

Problem Sets (10 percent)

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 topic from the list of topics given to you and work in a group with your classmates and present it in class. 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.

List of projects:

- 1- The primary purpose of this is a first look at the relationship between the spot rate and the relative price level and teach how to retrieve data.
- 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. Replicate Frankel's (1979) 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:
 - Your report should include a full discussion of your work and should reference to any graph that you create. (20 points)
 - If you run regressions, you should have the table in your report and have a discussion about your results (20 points)
 - 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)
 - 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)

- Create your report as PDF. You will submit everything electronically before class. (10 points)

Midterm (20 percent) It will be a mix of multiple choice and longer answer questions

Final Exam (20 percent) Mix of multiple choice and longer answer questions

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

Week 1. (August 31) Introduction
 Global Macroeconomy: Mathematical Background & Introduction (Mark Ch. 2)
 Read: FT chapters 1 & 5
 Presentation schedule and group set ups
 Participate in discussion 1 by Sunday 11:59pm.

Week 2. (September 7) 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 Sunday 11:59pm.

Week 3. (September 14) Money and Exchange rates I: Long Run
 Purchasing Power Parity (Balassa-Samuelson Critique)
 Read: FT chapter 3 and lecture notes
Turn Project I in
Class presentation: Brazil (New Real 1990)
 Participate in discussion 3 by Sunday 11:59pm.

Week 4. (September 21) Money and Exchange rates II: Short Run
 Read: FT chapter 4
Class presentation: Turkey (Hyperinflation)
 Participate in discussion 4 by Sunday 11:59pm.
Problem set 1 due Friday September 23

Week 5. (September 28) Exchange rates, trade balance, and the current account
Turn Project II in
Class Presentation: Thailand, South Korea, and Indonesia (Asian Crisis)
 Participate in discussion 5 by Sunday 11:59pm.

Week 6. (October 5) Short Review
Midterm Exam
 Participate in discussion 6 by Sunday 11:59pm.

Week 7. (October 12) Balance of payments model

Read: FT chapter 7

Class Presentation: Mexico

Participate in discussion 7 by Sunday 11:59pm.

Week 8. (October 19) Mundell Fleming Model, fixed versus floating exchange rate
Mark. Ch. 8 & Lecture note
Participate in discussion 9 by Sunday 11:59pm.
Problem set 2 Due Friday October 21

Week 9. (October 26) Portfolio Balance Model, fixed versus floating exchange rate
FT: Chapter 8 and 9, Lecture note
Class Presentation: Currency Crises: Argentina
Participate in discussion 10 by Sunday 11:59pm.

Week 10. (November 2) Exchange rate overshooting, and optimum currency
Chapter 10, Lecture note
Turn Project III in
Participate in discussion 11 by Sunday 11:59pm.
Problem set 3 Due Friday November 4

Week 11. (November 9) Topics in international macroeconomics and review
Read: chapters 10 and 11
Class Presentation: China (Yuan)
Participate in discussion 8 by Sunday 11:59pm.

Week 12. (November 16) **Final Exam**
Participate in discussion 12 by Friday 11:59pm.

Standard Policies for the Program and the University of Maryland

Policies related to all graduate courses at the University of Maryland are posted on this page of the Graduate School's website:

<https://gradschool.umd.edu/faculty-and-staff/course-related-policies>

Please familiarize yourself with these policies related academic integrity, non-discrimination policy, accessibility, absences and accommodations, grading, academic standing, grievance procedures, and other important policies.

Contact Hours: Three credit master's-level 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 discussion boards. 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 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.

Excused Absences: 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 to work with study partners, the teaching assistant, and the instructor 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've been 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. When classes need to be canceled during the semester, we make every effort to schedule makeup classes.

UMD Counseling Center: Sometimes students experience academic, personal and/or emotional distress. The UMD Counseling Center in Shoemaker Hall provides comprehensive and confidential 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, and the Testing Office, all described at <http://www.counseling.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>

Course Evaluations: Near the end of the term, you will receive an email inviting you to submit a voluntary and anonymous course evaluation. Your feedback on courses will be very helpful in improving the quality of instruction in our program.

Building Access: There is a smartphone app that can be used to enter our building after normal business hours. The program coordinator will provide information about this. We will also provide information about the code for entering the front door of our suite. Please make sure you are receiving the ELMS-Announcements that we send out to the program about these and other important matters.