

**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)

Spring 2024

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

Office hours: Mondays 5-5:45 pm (virtual), and by appointment

Teaching Assistant: Nabil Ryandiansyah (Ryandian@umd.edu)

Office Hours: Wednesdays 5.00-6.00 pm (virtual), and by appointment

Required textbook:

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

Not required: (added to lectures)

Jeffrey Frankel website:

International Macroeconomics Chapters incorporated to the lectures. I will refer to specific chapters

<https://scholar.harvard.edu/frankel/classes/BGP-620>

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/>

**Articles:**

Rogoff, K. and Obstfeld, M. (2001), The Six Major Puzzles in International Macroeconomics: Is There a Common Cause? , NBER Macroeconomics Annual 2000, Volume 15 <https://www.nber.org/books-and-chapters/nber-macroeconomics-annual-2000-volume-15>

Frankel, J. (1979), On the Mark: A Theory of Floating Exchange Rates Based on Real Interest Differentials, American Economic Review 1979;69 (4) :601-622.

Frenkel J. (1976) A monetary approach to the exchange rate: Doctrinal Aspects and Empirical Evidence, The Scandinavian Journal of Economics, Vol. 78, No. 2]

Mundell, R. (1961), A Theory of Optimum Currency Areas, American Economic Review, Vol. 51, No. 4

**Important NOTE:**

Please make sure to check ELMS 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](http://www.elms.umd.edu). You will need to use your University of Maryland "directory ID" and password.

***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.

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 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 most 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 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 **11:59pm** to participate in that class discussion.

The grades for discussions are letter grades A (4), B (3), C (2), or D (1). 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.

### **Assignments** (20 percent)

The Five assignments are intended to provide a review of the theoretical models covered in this course. The objective of having these assignments is to help you understand the intuition behind these models and build analytical and data skills. There are three problem set type assignments and two mini data exercises.

#### **Details regarding data assignments:**

- 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. (students download the 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] (data will be provided)

#### **Details regarding grading problem sets and data assignments:**

- All assignments are collected electronically (scanned submissions must be in readable condition)
- For data assignment you must turn in a STATA do file and your log file.
- The grades for the assignments are A (4), B (3), C (2), or D (1).
- They must be individually worked
- If for any reason you miss the deadline to turn your assignment in your grade automatically starts from B
- If you fail to submit your work, you will get an F.

### **Presentation and a mini paper** (20 percent)

Students need to pick a topic of their interest within international macroeconomics. For this, go to <https://scholar.google.com/> or any academic journal that covers topics within international macroeconomics or macroeconomics. Students must give a **15-minute** presentation on the topic their choice after spring break on **March 28 and April 4** (in last name alphabetical order). Presentation should cover:

- I) Why you are interested in the topic (10 points)
- II) Why it is important (10 points)
- III) A short literature review (15 points)
- IV) And a plan for what you want to achieve by the end of the semester. This should involve some plan for data analysis (5 points)

By the end of the semester, submit a mini paper: (5-6 pages without tables and graphs)

- V) Introduction (10 points)
- VI) Descriptive statistics of the data (15 points)
- VII) A simple regression model (could be a replication of an existing paper) (15 points)
- VIII) Interpretation of the results (10 points)
- IX) Conclusion (10 points)

Mini paper's hard deadline is **Friday May 17** but it is encouraged that everybody submits by **May 10** (preferred deadline). 3 points extra credit is granted towards early submission.

**Important Note:** There are papers with data and code available. You can try and replicate them. In case you need help with picking the right write paper or topic please feel free to reach out to me ahead of time so that I can give you advice on how to go forward with that.

This is good place to find data and replication codes:

<https://www.openicpsr.org/openicpsr/search/studies;jsessionid=2B3D1FF73E3927D29A4E66D820725D1>

**Midterm** (25 percent) It will be a mix of multiple choice and longer answer questions

**Final Exam** (25 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. Students who get A's demonstrated highly desirable performance. Students with barely desirable performance will get B's. Students who get B-'s or worse have less than desirable performance. 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.

**\*\*\*Note on class schedule\*\*\***

Please note that there is one synchronous online meeting on **April 20** which is a Saturday. This is to ensure that our class has the equivalent of 12 meetings (including exams), despite there being no class meeting during spring break. They will be accompanied by some corresponding asynchronous material posted to the course ELMS site. The synchronous meetings on Saturday, April 20, is not optional.

**Class Schedule** (dates are subject to change)

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

**Week 1.** (Feb 29) Global Macroeconomy: Introduction and background  
Read: FT Ch. 1  
Frankel Ch. 21 p 409-444  
Participate in discussion 1 by Sunday 11:59pm

**Week 2.** (March 7) Global Financial Markets and Exchange rates

Read: FT Ch. 2  
Participate in discussion 2 by Sunday 11:59pm

**Week 3.** (March 14) Money and Exchange rates I: Long Run  
Purchasing Power Parity (PPP)  
Balassa-Samuelson Critique  
Read: FT Ch. 3 and lecture notes  
Participate in discussion 3 by Sunday 11:59pm  
**Turn data assignment I in by Friday 15**

#### SPRING BREAK

**Week 4.** (March 28) Money and Exchange rates II: Short Run  
Rational Expectations Hypothesis and the Role of News  
Read: FT Ch.4  
**Student Presentation1**  
Participate in discussion 4 by Sunday 11:59pm.  
**Problem set 1 due Friday March 29**

**Week 5.** (April 4) Exchange rates, trade balance, and the current account  
Foreign Exchange Market and Trade Elasticities  
**Student Presentation2**  
Read: FT Ch. 5  
Frankel Ch. 16 p. 291-306  
Participate in discussion 5 by Sunday 11:59pm

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

**Week 8.** (April 18) Balance of payments model  
Read: FT Ch. 7  
Participate in discussions 7 & 8 by Monday April 21, 11:59pm  
**Turn data assignment II in by Friday 19**

**Saturday 8.** (April 20)  
**(1.2) Online Synchronous meeting on Zoom (Saturday 10:15am-12:35 pm, with 20min break)**  
Mundell Fleming Model (exchange rate fixed or float?)  
How pegs break  
FT: Ch. 8 and 9, Lecture note  
Frankel. Ch. 23. P467-488

**Week 9.** (April 25) Mundell Fleming Model cont., partial capital mobility  
Read: Ch. 8 and 9, Lecture notes.  
Frankel. Ch22. P 445-446  
**Problem set 2 Due Friday 26**  
Participate in discussion 9 by Sunday 11:59pm

**Week 10.** (May 2) Exchange rate overshooting, and optimum currency  
FT. Ch. 10, Lecture note

Participate in discussion 10 by Sunday 11:59pm

**Week 11.** (May 9) Topics in international macroeconomics, interdependence and Policy coordination

Read: Chs. 10 and 11

Frankel Ch. 25 p525-542

Participate in discussion 11 by Sunday 11:59pm

**Problem set 3 Due Friday 10**

**Early submission: mini paper Friday 10 (extra credit toward early submission)**

**Week 12.** (May 16)

**Final Exam**

Participate in discussion 12 by Sunday 11:59pm

**Mini paper due Friday 17**

### Other Standard Policies for the Program and the University of Maryland

#### **UMD Grad School and Program-level policies**

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 to academic integrity, non-discrimination policy, accessibility, absences and accommodations, grading, academic standing, grievance procedures, and other important policies.

**Email:** The University has adopted email as the primary means of communication outside of the classroom, and the instructor will use it to inform students of important announcements. The University creates an "@umd.edu" email address for every graduate student. All official UMD communications will be sent to students at their "@umd.edu" email address. Students are responsible for reading their @umd.edu email, including ELMS/Canvas Announcements that are sent to the class. Students should make sure that ELMS/Canvas Announcements and messages are forwarded to an email address that they 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. The instructor will do their best to respond to email within 36 hours.

**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.

**Workload:** 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.

In a regular 15-week semester (as in the College Park version of our program): Taking 3 master's-level courses is supposed to approach the time commitment of a full-time job (~36-39 hours per week, so 12-13 hours per week per course). Taking 3 master's-level courses while simultaneously working at a demanding full-time job during the day is not advisable. Students with questions about the workload in this program should speak with one of the program directors.

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 weekly workload when taking 2 of our DC courses per term is equivalent to the weekly 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 DC 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 at <http://www.counseling.umd.edu/>

**UMD Accessibility & Disability Service:** The University of Maryland is committed to creating and maintaining a welcoming and inclusive educational, working, and living environment for people of all abilities. The University of Maryland is also committed to the principle that no qualified individual with a disability shall, on the basis of disability, be excluded from participation in or be denied the benefits of the services, programs, or activities of the University, or be subjected to discrimination. The Accessibility & Disability Service (ADS) provides reasonable accommodations to qualified individuals to provide equal access to services, programs and activities. ADS cannot assist retroactively, so it is generally best to request accommodations several weeks before the semester begins or as soon as a disability becomes known. Any student who needs accommodations should contact ADS as soon as possible so that they have sufficient time to make arrangements. For assistance in obtaining an accommodation, contact Accessibility and Disability Service at 301-314-7682, or email them at [adsfrontdesk@umd.edu](mailto:adsfrontdesk@umd.edu). Information about sharing your accommodation letter, discussing accommodation logistics and getting assistance from ADS staff and more can be found on the ADS website.

**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 matter.