

University of Maryland-College Park
Department of Economics
Master of Sciences in Applied Economics Program

Syllabus

International Macroeconomics and Finance (ECON 683)

Fall 2024

Professor: Mahsa Gholizadeh, Ph.D.

Email: mahsag@umd.edu

Class Meets: TYD 2109, Tuesdays 6:30-9:15PM, with a 15-minute break around 8:00.

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

Teaching Assistant: Zargham Khan

Email: Zargham@umd.edu

Office Hours: Thursdays 3:45-4:45 pm (Morrill Hall 1105D)

Zoom Meeting link: <https://umd.zoom.us/j/7319833948>

Required textbook:

Robert Feenstra and Alan Taylor, **International Macroeconomics**, 5th 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/>

Important NOTE:

Please make sure to check ELMS regularly. Emails are the primary means of communication 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.

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 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 three problem sets.**

Assignments and Grading:

Class participation (10 percent)

I expect you to actively participate in class discussions. For that students need to come to class ready for the topic of the data, participate, and ask educated questions.

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 skills. There are three problem sets 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)

For this you need to pick a topic of your interest within international macroeconomics. You can go on <https://scholar.google.com/> or any academic journal that covers topics within international macroeconomics or macroeconomics. You will have a **10-15minute** presentation after the midterm exam on **October 19 (Saturday-Virtual)**. 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, you write a short paper: (6-7 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) Analyze results (10 points)
- IX) Conclusion (10 points)

Note: There are papers with data and code available. You can try and replicate them. In case you need help with picking the 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=2B3D1FF73E3927D29A4E66D820725DD1>

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. 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 (Attention to the dates marked **red**)

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

- Week 1.** (Aug. 27) Global Macroeconomy: Introduction
Read: FT Ch. 1
Read (optional): <https://www.imf.org/external/about/histcoop.htm>
Frankel Ch. 21 p 409-444
- Week 2.** (Sep. 3) Global Financial Markets and Exchange rates
Read: FT Ch. 2
- Week 3.** (Sep. 10) Money and Exchange rates I: Long Run
Read: FT Ch. 3 and lecture notes
- Week 4.** (Sep. 17) Purchasing Power Parity (PPP)
Balassa-Samuelson Critique
Read: lecture notes
Read (Optional): <https://www.economist.com/big-mac-index>
Turn data assignment I (5:00pm)
- Week 5.** (Sep. 24) Money and Exchange rates II: Short Run
Rational Expectations Hypothesis and the Role of News
Read: FT Ch.4
- Week 6.** (Oct. 1) Exchange rates, trade balance, and the current account
Foreign Exchange Market and Trade Elasticities
Read: FT Ch. 5
Read (optional): Exchange Rates and the Current Account (Dornbusch and Fisher)
Frankel Ch. 16 p. 291-306
Problem set 1 due (5:00pm)
- Week 7.** (Oct. 8) Short Review
Midterm Exam
- Week 8.** (Oct. 15) Balance of payments model
Read: FT Ch. 7
Read (Optional):
<https://www.sciencedirect.com/science/article/abs/pii/S0261560616000309>

Turn data assignment II (5:00pm)

Saturday October 19 (10:00am-11:00am) --- Virtual make up class on Zoom (attendance is NOT optional)

Student presentations (each 10 minutes with 5 minutes discussion)

30 MINUTES BREAK

Saturday October 19 (11:30am-12:30pm) ---Virtual make up class on Zoom (attendance is NOT optional)

Student presentations (each 10 minutes with 5 minutes discussion)

Week 9. (Oct. 22)

Mundell Fleming Model (exchange rate fixed or float?)

How pegs break

FT: Ch. 8 and 9, Lecture note

Frankel. Ch. 23. P467-488

Week 10. (Oct. 29)

Mundell Fleming Model cont., partial capital mobility

Read: Ch. 8 and 9, Lecture notes.

Frankel. Ch22. P 445-446

Read (Optional):

<https://files.stlouisfed.org/files/htdocs/publications/review/99/11/9911cn.pdf>

Problem set 2 by 5pm

Week 11. (Nov. 5)

Exchange rate overshooting,

Read: Lecture Notes

Week 12. (Nov. 12)

optimum currency

FT. Ch. 10

Week 13. (Nov.19)

Review Class

Topics in international macroeconomics, interdependence and Policy coordination

Read: Chs. 10 and 11

Frankel Ch. 25 p525-542

Problem set 3 due (5:00pm)

Week 14. (Nov 26)

No class

THANKSGIVING Nov. 28

Final paper due Dec. 1 (5:00pm)

Week 15. (Dec. 3)

Final Exam

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.

<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.

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. 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 the program director.

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 who fail to bring their GPA up to at least 3.0 after a semester 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.

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. There is keypad access to the door of Morrill 1102. The code will be shared with students via ELMS.