

# Globalization and Capital Markets

Econ 442 - Fall 2015  
University of Maryland

## 1 Course Information

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Homepage: <https://myelms.umd.edu/courses/1152330>

Office Hours: Thursday 3:00 PM - 5:00 PM

Class Time: Tuesday and Thursday, 11:00 AM - 12:15 AM

Location: TYD, 1101

## 2 Course Description

This class is a first course in international economics. Some of the key macroeconomic variables studied in this course are the exchange rate and the international capital flows. We will also study the net gains of financial liberalization and the nature of currency crises. A part of the course will focus on understanding exchange rate unions, particularly in the context of Euro. From a practical perspective, students will continuously apply their knowledge during the semester tracking the macro/international performance of a foreign country.

## 3 Readings

The textbook is “[International Macroeconomics](#)” by Robert C. Fenestra and Alan M. Taylor, published by Worth Macmillan, 3<sup>rd</sup> edition. Chapters for each topic are indicated below. You can opt to have an electronic copy of the book with your LaunchPad subscription (see the last section of this syllabus). As we will use the LaunchPad system this is for sure the cheapest option. The class will be more math oriented than the textbook, as will be the evaluations of the course.

## 4 Rules

- **A doctor’s note is necessary for health related absences to any midterm.** See <http://www.umd.edu/catalog/index.cfm/show/content.chapter/c/27> for general policies.

- **Graphing calculators are not allowed during evaluations.** Please provide yourself with a scientific non graphing calculator as soon as possible; there will be no exceptions on this matter. No books or notes are permitted during the evaluations.
- **You can ask for regrading only if you wrote your evaluation in pen.** A regrading request must be well written using your favorite word processing software and fully justified. After one week of receiving your evaluation, no regrading will be accepted.
- **Attendance and participation will not be directly counted** in the grade, but might have an effect on borderline grades.

## 5 Course Requirements

- **Midterm Exams (35% total):** The midterm exams will cover all topics discussed until the class before the exam. The midterms will be on October the 8<sup>th</sup> and November the 12<sup>th</sup> at 11:00 AM on our lecture classroom. The highest midterm score will count for 20% and the lower one for the remaining 15%. If a student has an excused absence, the portion of the grade relative to the missed exam will be reallocated to the final if a make-up midterm cannot be taken in a timely way.
- **Final Exam (35%):** The final exam will cover all topics discussed in class. The final will be on December 14<sup>th</sup> between 8:00-10:00AM on our lecture classroom.
- **LaunchPad Assignments (10%):** There will be several LaunchPad assignments. No late work will be admitted. You need to have only 88% of the total possible points in order to get full credit on this item.
- **Homeworks (20%):** There will be six homeworks that will play the role of recitations. No late work will be admitted. There will be no regrading for the homeworks. The grading will be as follows: non submitted (0), check minus (3), check (5), and check plus (7). The final grade on this item will be relative to the maximal score. Homeworks must be submitted at room 3114 Tydings Hall before 4:00 pm on the due date, under the name of Diego Rojas and making explicit that it is an Econ 442 homework.
  - **Exercises (10%):** Group work is allowed but every student needs to write and submit their own homework.
  - **Country Monitoring (10%):** Each student will pick one country and monitor its economy during the semester. Every homework has a section where the student will summarize his/her research. You should be checking the Economist (<http://www.economist.com>), The Financial Times (<http://www.ft.com/home/us>), The Wall Street Journal (<http://www.wsj.com/>), along with other country specific reports.
- **Extra Work:** There is no extra work in this class, no matter how close you are to a cut off. Your grade depends only on your performance in the four items listed above.

- **Letter Grade:** As a matter of reference, the final grades will be assigned as follows:
  - 92 and above will have grades on the A range.
  - 82 to 92 will have grades on the B range.
  - 70 to 82 will have grades on the C range.
  - 60 to 70 will have grades on the D range.

If this range changes it can only be in your benefit. The interior cut (plus and minuses) off will not be disclosed to students.

## 6 Additional Important Notes

- **Special needs/arrangements:** Reasonable accommodation will be made for those with special needs. Anyone eligible for special arrangements on examinations must make sure I get a notification from the appropriate UMD office, ASAP. Please contact Disability Support Service (DSS) <http://www.counseling.umd.edu/DSS/> and make sure all the necessary administrative steps are taken in your case. You must also send an email to me no later than seven days prior the evaluation so that necessary arrangements are made.
- **Tutoring:** If you need tutoring for this class, please check the availability of tutors at <https://www.econ.umd.edu/resources/tutoring>
- **Dropping and Withdrawing:** To see the relevant deadlines visit: <http://www.umd.edu/catalog/index.cfm/show/content.section/c/27/ss/1586/s/1522>.
- **Concerns, Suggestions and Doubts:** The best way to contact me is during my office hours. You can also send me an email, nevertheless, if the answer is too long, please try to come to my office instead. If you cannot make it to my office hours email me and we will schedule a meeting.

## 7 Course Outline and Important Dates

1. The Global Macroeconomy (Chapter 1)
  - Class: September, Tuesday the 1<sup>st</sup>.
  - LaunchPad: September, Thursday the 17<sup>th</sup> before 11:00 AM.
2. Introduction to Exchange Rates and the Foreign Exchange Market (Chapter 2)
  - Classes: September, Thursday the 3<sup>rd</sup> and September, Tuesday the 8<sup>th</sup>.
  - LaunchPad: September, Thursday the 17<sup>th</sup> before 11:00 AM.
3. Exchange Rates I: The Monetary Approach in the Long Run (Chapter 3)

- Classes: September, Thursday the 10<sup>rd</sup> and September, Tuesday the 15<sup>th</sup> .
  - LaunchPad: September, Thursday the 17<sup>th</sup> before 11:00 AM.
  - Homework 1: September, Friday the 11<sup>th</sup>.
4. Exchange Rates I: The Asset Approach in the Short Run (Chapter 4)
- Classes: September, Thursday the 17<sup>th</sup>, Tuesday 22<sup>nd</sup>, and Thursday the 24<sup>th</sup>
  - LaunchPad: September, Thursday the 17<sup>th</sup> before 11:00 AM.
  - Homework 2: September, Friday the 25<sup>th</sup>.
5. National and International Accounts: Income, Wealth, and the Balance of Payments (Chapter 5)
- Classes: September, Tuesday 29<sup>th</sup> and October Thursday 1<sup>st</sup>.
  - LaunchPad: September, Tuesday 29<sup>th</sup> before 11:00 AM.
6. Wrapping up and review before the first midterm.
- Class: October, Tuesday the 6<sup>th</sup>.
7. **First Midterm**
- October, Thursday the 8<sup>th</sup>, in class.
8. Balance of Payments I: The Gains from Financial Globalization (Chapter 6)
- Classes: October, Tuesday the 13<sup>th</sup>, Thursday the 15<sup>th</sup>, and Tuesday the 20<sup>th</sup>.
  - LaunchPad: October, Tuesday the 13<sup>th</sup> before 11:00 AM.
  - Homework 3: October, Friday the 16<sup>th</sup>.
9. Balance of Payments II: Output, Exchange Rates, and Macroeconomic Policies in the Short Run. (Chapter 7)
- Classes: October, Thursday the 22<sup>nd</sup>, Tuesday 27<sup>th</sup>, and Thursday the 29<sup>th</sup>.
  - LaunchPad: October, Thursday the 22<sup>nd</sup> before 11:00 AM.
  - Homework 4: October, Friday the 30<sup>th</sup>.
10. Fixed Versus Floating: International Monetary Experience. (Chapter 8)
- Classes: November, Tuesday the 3<sup>rd</sup> and Thursday the 5<sup>th</sup>.
  - LaunchPad: November, Tuesday the 3<sup>rd</sup> before 11:00 AM.
11. Wrapping up and review before the second midterm.
- Class: November, Tuesday the 10<sup>th</sup>.

## 12. Second Midterm

- November, Thursday the 12<sup>th</sup>, in class.

## 13. Exchange rate Crises: How Pegs Work and How They Break. (Chapter 9)

- Classes: November, Tuesday the 17<sup>th</sup> and November, Thursday the 19<sup>th</sup>.
- LaunchPad: November, Tuesday the 17<sup>th</sup> before 11:00 AM.
- Homework 5: November, Friday the 20<sup>th</sup>.

## 14. The Euro (Chapter 10)

- Classes: November, Tuesday the 24<sup>th</sup> and December, Tuesday the 1<sup>st</sup>.
- LaunchPad: November, Tuesday the 24<sup>th</sup> before 11:00 AM.

## 15. Topics in International Macroeconomics (Chapters 11)

- Classes: December, Tuesday the 3<sup>rd</sup> and Tuesday the 8<sup>th</sup>.
- LaunchPad: December, Tuesday the 3<sup>rd</sup> before 11:00 AM.
- Homework 6: December, Friday the 4<sup>th</sup>.

## 16. Wrapping up and review before the Final.

- Class: December, Thursday the 10<sup>th</sup>.

## 17. **Final:** December, Monday the 14<sup>th</sup> between 8:00-10:00AM.

## 8 LaunchPad enrollment

Every student need to sign in using their unique UMD email account.

The online portion of our course is open for student registration. Follow these steps to get started. If you need additional guidance, consult the student Get Started guide, especially the system requirements which list the recommended browsers.

To register for the course go to:

<http://www.macmillanhighered.com/launchpad/feenstrataylorintlmacro3/1881509>

Please bookmark the page to make it easy to return to.

You have three options to enroll in the course: you can purchase direct access, you can buy an access code, or you **can get free 21 day access while deciding**. Your registration options are explained here.

I strongly recommend to get the free trial and then buy the product only if you decide to stay in the class. Follow the instruction [here](#) to buy the product after the trial has expired.

To navigate and start using LaunchPad please consult [here](#)

If you have problems registering, purchasing, or logging in, please contact Customer Support. You can reach a representative 24 hours a day, 7 days a week through the online form by chat or from 9 a.m. to 3 a.m. EST, 7 days a week by phone at (800) 936-6899