

**Faculty of Science Course Syllabus
Department of Economics
Open Economy Macroeconomics, ECON 5253
Fall 2019**

Instructor:

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Timetable:

Lecture Hours:

- Monday and Wednesday, 13.05-14.25, McCain Arts & Social Sciences 2190

Office Hours:

- Monday and Wednesday, 14.30-16.00 (or by appointment)

Course Description:

The purpose of this course is to build an understanding of contemporary issues in international economics, by providing a formal exposition and discussion of theoretical models for open economy macroeconomics. The topics covered include intertemporal consumption-saving decisions, economic growth, fiscal and monetary policies, and exchange rate models. Building on these theories, a focus will be placed on Developing countries' economies, by comparing their economic growth, discussing foreign debt and banking crises, and examining the causes and consequences of currency crises.

Objectives of the course:

This course introduces statistical tools for handling economic and financial data generated in uncontrolled environments, and the techniques involved in their use.

Learning outcomes and competences:

At the end of the course the participants will be able:

- describe stylised facts in international finance and international macroeconomics
- explain the importance of assumptions and model structures for analytical results and evaluate how this affects the generality and applicability of the results
- reflect on the importance of the specific formulation of the models for the properties of the equilibria and for the effects of fiscal and monetary policy
- formulate, solve and apply dynamic models of the open economy under perfect foresight and uncertainty
- analyse and explain the transmission of shocks across countries, the role of fiscal policy for external adjustments, and the effects of capital controls on important aggregate variables and welfare
- critically confront the predictions of the models with the observations in the data
- describe recent financial crises in developing economies, and reflect about the underlying causes
- apply the analytical tools in an independent analysis of specific problems within the topics covered

Format:

Regular lectures

Material:

- Végh, Carlos A., (2013). *Open Economy Macroeconomics in Developing Countries*. MIT Press, Cambridge, MA. (Required)
- Supplementary Textbooks:
 - + Obstfeld, Maurice, and Kenneth Rogoff, (1996). *Foundations of International Macroeconomics*. MIT Press, Cambridge, MA (optional)
 - + Agénor, Pierre-Richard, and Peter J. Montiel, (2008). *Development Macroeconomics*. Princeton University Press, Princeton, NJ (optional)
 - + Uribe, Martin, and Stephanie Schmitt-Grohe, (2015). *Open Economy Macroeconomics*, Princeton University Press, Princeton, NJ (optional)
- Other material:
 - + Reinhart C.M., and K.S. Rogoff, (2008). *This Time is Different: Eight Centuries of Financial Follies*, Princeton University Press.
 - + Schmitt-Grohe S., M. Uribe, and M. Woodford, (2016). *International Macroeconomics*, unpublished textbook manuscript (<http://www.columbia.edu/~mu2166/UIIM/index.html>)
- Suggested prerequisite readings:
 - + Blanchard O., and D Johnson (2014), *Macroeconomics*, Pearson.
 - + Krugman P., M. Obstfeld, and M.J. Melitz, (2018). *International Economics: Theory and Policy*, 11th edition, Pearson. Chapters 13-22.
- Additional Notes, as required: available via [Brightspace](#).

Assessment:

- Research Paper Proposal (Individual): 35%
 - + Sequence of assignments:
 - + Assignment 1-Identifying a topic: 5%
 - + Assignment 2- Literature Review: 10%
 - + Assignment 3- Description of the Proposed Methodology: 10%
 - + Assignment 4 -Final Paper: 5%
 - + Presentation: 5%
- Project – Financial Crises (Groups): 15%
 - + Report (10%)
 - + Presentation (5%)
- Midterm Exam: 20%
- Final Exam: 30%
- Notes:
 - + The project involves a detailed discussion of a recent financial crisis in a developed country, by providing a background in terms of data and policies, a description of the actual crisis, and its aftermath (details in separate document).
 - + The research paper proposal involves independent research linked to topics discussed in the course. Additional required reading to facilitate this process will be available to students as part of the assignments (details in separate document).
 - + If a student misses the final exam for a valid reason, as per Section 16.8 of the University Calendar, she/he must notify the instructor immediately. The student will

have the opportunity to write up a make-up exam within the next week after the end of the class.

Grading scheme:

The following table describes the grading scale to be applied in the course.

Grading Scale as per Dalhousie Faculty of Graduate Studies Calendar Regulation 7.6.2 Grading Policy

Letter Grade	Numerical % equivalent
A+	90 - 100
A	85 - 89
A-	80 - 84
B+	77 - 79
B	73 - 76
B -	70 - 72
F	0-69

Notes:

1. As per FGS regulations students must obtain a final course grade of 70% (B-) or higher to pass the course (study carefully the grading scale).
2. To pass the course, a minimum of B- grade is required on the final exam

Important Dates:

- Research Paper
 - + Assignment 1: September 25th
 - + Assignment 2: October 23rd
 - + Assignment 3: November 8th
 - + Assignment 4: November 29th
 - + Presentation: December 2nd
- Project
 - + Report: November 18th
 - + Presentation: November 20th
- Fall study break : November 11th-15th
- Final Exam: December 3rd (last day of class)

Email Policy:

- Weekdays: emails received by 18.00 would be responded by the end of the day. Anything after that time would be responded in the following day.
- Weekends: emails are to be checked sporadically and you should not expect a response within the same day.
- Lengthy questions are easier and preferable to be answered during office hours.
- Make sure that you have checked the course outline and all material available in Brightspace prior to asking a question.

Course contents:

Dates	Topic	Material (primary)
Week 1	Introduction/Course Requirements Macroeconomic fluctuations; Data	Notes
Week 2	A dynamic model of a small economy	Végh (Ch. 1)
Week 3	A dynamic model of a small economy (cont.) Capital market imperfections	Végh (Ch. 1,2)
Week 4	Capital market imperfections (cont.)	Végh (Ch. 2)
Week 5	Macroeconomic aspects of international trade: theory and applications	Végh (Ch. 3, 4)
Week 6		

October 14th: Midterm Exam

Week 7	Macroeconomic aspects of international finance	Végh (Ch. 14)
Week 8	Monetary models	Végh (Ch. 5)
Week 9	The nominal exchange rate and nominal frictions	Végh (Ch. 6-8, 16)
Week 10	The nominal exchange rate and nominal frictions (cont.) The balance of payments crises	

November 11th-15th: Study Break

Week 11	The balance of payments crises (cont.) Project Presentation	Végh (Ch. 16)
Week 12	Financial crises	Végh (Ch. 17)
Week 13	Research Paper Proposal Presentation	

December 3rd: Final Exam

University Policies and Statements

This course is governed by the academic rules and regulations set forth in the University Calendar and by Senate

Academic Integrity

At Dalhousie University, we are guided in all of our work by the values of academic integrity: honesty, trust, fairness, responsibility and respect (The Center for Academic Integrity, Duke University, 1999). As a student, you are required to demonstrate these values in all of the work you do. The University provides policies and procedures that every member of the university community is required to follow to ensure academic integrity.

Information: https://www.dal.ca/dept/university_secretariat/academic-integrity.html

Accessibility

The Advising and Access Services Centre is Dalhousie's centre of expertise for student accessibility and accommodation. The advising team works with students who request accommodation as a result of a disability, religious obligation, or any barrier related to any other characteristic protected under Human Rights legislation (Canada and Nova Scotia).

Information: https://www.dal.ca/campus_life/academic-support/accessibility.html

Student Code of Conduct

Everyone at Dalhousie is expected to treat others with dignity and respect. The Code of Student Conduct allows Dalhousie to take disciplinary action if students don't follow this community expectation. When appropriate, violations of the code can be resolved in a reasonable and informal manner—perhaps through a restorative justice process. If an informal resolution can't be reached, or would be inappropriate, procedures exist for formal dispute resolution.

Code: https://www.dal.ca/dept/university_secretariat/policies/student-life/code-of-student-conduct.html

Diversity and Inclusion – Culture of Respect

Every person at Dalhousie has a right to be respected and safe. We believe inclusiveness is fundamental to education. We stand for equality. Dalhousie is strengthened in our diversity. We are a respectful and inclusive community. We are committed to being a place where everyone feels welcome and supported, which is why our Strategic Direction prioritizes fostering a culture of diversity and inclusiveness

Statement: <http://www.dal.ca/cultureofrespect.html>

Recognition of Mi'kmaq Territory

Dalhousie University would like to acknowledge that the University is on Traditional Mi'kmaq Territory. The Elders in Residence program provides students with access to First Nations elders for guidance, counsel and support. Visit or e-mail the Indigenous Student Centre (1321 Edward St) (elders@dal.ca).

Information: https://www.dal.ca/campus_life/communities/indigenous.html

Important Dates in the Academic Year (including add/drop dates)

https://www.dal.ca/academics/important_dates.html

University Grading Practices

https://www.dal.ca/dept/university_secretariat/policies/academic/grading-practices-policy.html

Student Resources and Support

Advising

General Advising: https://www.dal.ca/campus_life/academic-support/advising.html

Science Program Advisors: <https://www.dal.ca/faculty/science/current-students/academic-advising.html>

Indigenous Student Centre: https://www.dal.ca/campus_life/communities/indigenous.html

Black Advising Centre: https://www.dal.ca/campus_life/communities/black-student-advising.html

International Centre: https://www.dal.ca/campus_life/international-centre/current-students.html

Academic supports

Library: <https://libraries.dal.ca/>

Writing Centre: https://www.dal.ca/campus_life/academic-support/writing-and-study-skills.html

Studying for Success: https://www.dal.ca/campus_life/academic-support/study-skills-and-tutoring.html

Copyright Office: <https://libraries.dal.ca/services/copyright-office.html>

Fair Dealing Guidelines: <https://libraries.dal.ca/services/copyright-office/fair-dealing.html>

Other supports and services

Student Health & Wellness Centre: https://www.dal.ca/campus_life/health-and-wellness/services-support/student-health-and-wellness.html

Student Advocacy: <https://dsu.ca/dsas>

Ombudsperson: https://www.dal.ca/campus_life/safety-respect/student-rights-and-responsibilities/where-to-get-help/ombudsperson.html

Safety

Research Lab Safety

https://www.dal.ca/content/dam/dalhousie/pdf/dept/safety/lab_policy_manual_2007.pdf

Biosafety: <https://www.dal.ca/dept/safety/programs-services/biosafety.html>

Chemical Safety: <https://www.dal.ca/dept/safety/programs-services/chemical-safety.html>

Radiation Safety: <https://www.dal.ca/dept/safety/programs-services/radiation-safety.html>

Scent-Free Program: <https://www.dal.ca/dept/safety/programs-services/occupational-safety/scent-free.html>

DEPARTMENT OF ECONOMICS STATEMENT ON ACADEMIC INTEGRITY

At Dalhousie University, we respect the values of academic integrity: honesty, trust, fairness, responsibility, and respect. As a student, adherence to the values of academic integrity and related policies is a requirement of being part of the academic community at Dalhousie University.

What does academic integrity mean?

Academic integrity means being honest in the fulfillment of your academic responsibilities, thus establishing mutual trust. Fairness is essential to the interactions of the academic community and is achieved through respect for the opinions and ideas of others. “Violations of intellectual honesty are offensive to the entire academic community, not just to the individual faculty member and students in whose class an offence occurs.”

(<http://academiccalendar.dal.ca/Catalog/ViewCatalog.aspx?pageid=viewcatalog&catalogid=1&chapterid=89&topicgroupid=381&loadusercredits=False>)

How can you achieve academic integrity?

- Make sure you understand Dalhousie’s policies on academic integrity.
- While discussion with your fellow students is valuable, do not submit an assignment or essay that is essentially identical to an assignment or essay submitted by another individual or group.
- In assignments or essays, use an approved method of citation for any material taken directly from an existing source or any material that is a paraphrase of an existing source.
- Do not download the work of another from the Internet and submit it as your own.
- Do not submit work that has been completed through collaboration or previously submitted for another assignment without permission from your instructor.
- Do not have someone else write a test for you, or write a test for someone else.
- During a test, do not talk with other students and do not try to copy the work of another student.

What will happen if an allegation of an academic offence is made against you?

Instructors are required to report any suspected offence. The full process is outlined in the Discipline flow chart (found at <http://academicintegrity.dal.ca>) and includes the following:

- Each Faculty has an Academic Integrity Officer (AIO) who receives allegations from instructors.
- The AIO decides whether to proceed with the allegation and you will be notified of the process.
- If the case proceeds, you will receive a PENDING grade until the matter is resolved.
- If you are found guilty of an academic offence, a penalty will be assigned ranging from a warning to suspension or expulsion from the University and can include a notation on your transcript, failure of the assignment, or failure of the course. All penalties are academic in nature.

Where can you turn for help?

- If you are ever unsure about ANYTHING, contact your instructor.
- See <http://academicintegrity.dal.ca> for links to policies, definitions, online tutorials, and tips on citing and paraphrasing.
- See <http://writingcentre.dal.ca> for assistance with proofreading, writing styles, and citations.
- See <http://libraries.dal.ca/research.html> for a set of research tools including Subject Guides, Assignment Calculator, and RefWorks.
- See <http://studentservices.dal.ca> for assistance with appeals and discipline procedures.
- See <http://senate.dal.ca> for a list of Academic Integrity Officers, a discipline flow chart, and the Senate Discipline Committee.

The [Policy on Student Submission of Assignments & Use of Originality Checking Software](#) states that “any instructor may require student assignments to be submitted in both written and electronic (computer-readable) form, e.g., a text file or as an email attachment, as defined by the instructor. Use of third-party originality checking software does not preclude instructor use of alternate means to identify lapses in originality and attribution. The results of such assessment may be used as evidence in any disciplinary action taken by the Senate.”