

**Faculty of Science Course Syllabus  
Department of Economics  
International Finance, ECON 3331  
Winter 2021**

**Instructor Information:**

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Phone Contact: Dalhousie MS Teams

Office hours (via Dalhousie MS Teams): Thursday 10:00-11:30 (or by appointment)

**Teaching Assistant Information:**

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Office hours: TBD

**Class Delivery:**

- Combined: Synchronous and Asynchronous Components
- Synchronous Components via Collaborate Ultra @Brightspace course page
- Asynchronous Components @ Brightspace course page

**Course Description (Calendar):**

This course covers the theory and empirics of international macroeconomics. It examines the determination of exchange rates, international capital flows, and risk; the effectiveness of fiscal and monetary policy in an open economy; modern international policy coordination; and the determination of the current account and net foreign assets.

**Course Prerequisites:**

ECON2201.

NOTE: All Economics courses, unless stated otherwise, have a minimum grade requirement of C for their prerequisite courses.

**Course Objectives:**

This course examines the financial side of international trade. The focus is on exchange rates, the balance of international payments, alternative means of adjustment to shocks in the international economy, and international monetary arrangements.

**Learning Outcomes and competences:**

After the students have completed the course would be able to

- define the concepts of the current account balance, balance of payments, and the national income accounting of open economies,
- describe the structure and functions of the foreign exchange market,
- apply the interest parity condition to find equilibrium exchange rates,
- describe and discuss the national money markets, and their relation to foreign exchange market,

- outline the relationship between the short-run and the long-run effects of monetary policy, and explain the concept of short-run exchange rate overshooting,
- explain the purchasing power parity theory of exchange rates and the theory's relationship to international goods-market integration,
- discuss the concept of the real exchange rate, and explain the relationship between international real interest rate differences and expected changes in real exchange rates,
- explain the relationship among macroeconomic policies, current account, and exchange rate,
- understand and describe the role of a central bank in the foreign exchange market,
- discuss the causes and effects of balance of payments crises,
- describe the different foreign exchange rate systems over time: the international gold standard prior to World War I, the post-World War II Bretton Woods system and its collapse in 1973,
- reflect upon the theory of optimal currency areas and monetary unions, and identify the restrictions posed on monetary and fiscal policies,
- describe the historical process of the introduction of Euro, and the specific monetary and fiscal policies observed,
- understand the economic function of international portfolio diversification,
- analyze problems in the regulation and supervision of international banks and nonbank financial institutions to understand the factors leading to the worldwide financial crisis that started in 2007,
- explain the position of developing countries in the world capital market and the problem of default by developing borrowers.
- recount the recent history of developing-country currency crises and financial crises.

**Material:**

- Required Textbook:
  - + Krugman P., M. Obstfeld, and M.J. Melitz, *International Economics: Theory and Policy*, 11<sup>th</sup> edition, Pearson. Chapters 13-22.
  - + Available in Bookstore as: MyEconLab with Pearson eText -- Access Card -- for *International Finance: Theory and Policy*, 11/E
  - + The electronic study guide, *MyEconLab*, can be useful for extra practice. The relevant course code is: **ntantamis84097**
- Supplementary Material:
  - + Feenstra R.C, A. M. Taylor. *International Macroeconomics*. Worth Publishers.
  - + Mongelli, Francesco Paolo, (2008). "European Economic and Monetary Integration, and the Optimum Currency Area Theory," *European Economy - Economic Papers* 302, Directorate General Economic and Monetary Affairs, European Commission
  - + Reinhart C.M., and K.S. Rogoff, *This Time is Different: Eight Centuries of Financial Follies*, 2008, Princeton University Press. Chapter 12
- Articles from periodical editions (*Economist*, *Financial Times*): available via **Brightspace**
- Notes and additional material, as required.

**Format:**

Due to COVID19 restrictions, face-to-face classes are suspended. Instruction will be online only, and it will be conducted via Dalhousie's Brightspace platform. Nevertheless, the originally allocated days/times will be used as a reference point with respect to the timing of covering different course topics, and assessment elements.

The course will primarily be delivered in an asynchronous manner. Each week of class will respond to a specific topic, and all relevant material such as slides, and videos will be available to you in advance so that you can cover them at your own pace.

There will be seven (7) synchronous sessions (see table below for date/time details) during the term. The synchronous sessions, except for the first one, will serve as review sessions of the material.

It is the students' responsibility to follow the material and review the slides, notes, and videos, but they can do so at their own pace during the week.

Thursday, January 7 <sup>th</sup> 2021	10:05am-11:25am (AST)
Thursday, January 21 <sup>st</sup> 2021	10:05am-11:25am (AST)
Thursday, February 4 <sup>th</sup> 2021	10:05am-11:25am (AST)
Tuesday, February 23 <sup>rd</sup> 2021	10:05am-11:25am (AST)
Tuesday, March 9 <sup>th</sup> 2021	10:05am-11:25am (AST)
Tuesday, March 23 <sup>rd</sup> 2021	10:05am-11:25am (ADT)
Tuesday, April 6 <sup>th</sup> 2021	10:05am-11:25am (ADT)

The following material will also be provided asynchronously in the form of Panopto video recordings available at the course Brightspace page:

- Theory Lectures
  - Discussion of theory and examples via slides and/or whiteboard.
- Tutorial Problems
  - Solution of selected problems

**Assessment:**

- Project: 30% (group work)
  - + 10%: Part 1, Data
  - + 10%: Part 2, Theoretical Analysis and Forecasts.
  - + 5%: Presentation
    - Detailed instructions to be provided in separate documents.
  - + 5%: Peer evaluation on contribution to the project outcome.
- Participation in Discussion Boards: 15%
- Midterm Exam: 20%
- Final Exam (cumulative): 35%
- Project
  - + Instruction about the project deliverables will be provided in separate documents.

- + The maximum number of students in the group should not exceed five (5). Group members are to be randomly assigned on January 25<sup>th</sup>.
- + Working in groups should involve equal participation from all members. It is assumed that students are mature enough to ensure such an outcome. Nevertheless, if there are serious issues that make the situation unworkable, groups should not hesitate to talk to the instructor as soon as possible.
- + To ensure participation, 5% of the project weight is assigned to peer evaluation. Each member of the group will evaluate the other members in terms of: i) collaboration, and ii) participation in the work required for the project.
- Exams
  - + Midterm exam will be based on material from Topics 1 and 2. Format to be finalized based on information regarding students' time zones.
  - + If you are unable to attend the midterm exam, you must contact the instructor by email prior to the date and time of the exam and submit a completed Student Declaration of Absence via Brightspace (no medical note is required). The weight of the midterm exam will be added to the final exam.
  - + If a student misses the final exam for a valid reason, (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.
- Participation to Online Discussions
  - + My intention is to discover your thought process about relating the theory taught into real-world applications. To that effect, at the beginning of each topic I will post a set of articles from the popular press and I want to gauge your thinking about them in relation to the theory we are discussing in class.
  - + There will be five sets of articles, each one associated with a particular topic. For each set, you will be divided into different groups, i.e., for each topic the group composition will be different. Discussion boards will then be set up for each group.
  - + I expect each student to contribute at least **3 posts** to the discussion for each set of articles:
    - The first one should be posted shortly after the articles become available. It should provide your first thoughts, without any specific reference to the theory.
    - The second one will be in the middle of the topic coverage, as more of the theory material becomes available.
    - The final one will be during the weekend after the topic is completed and it should include your final thoughts based on what you have studied.
  - + Your grade is going to be based on the quality of your contributions, so answers like “I agree” or “I disagree with...” without any reasoning are simply unacceptable. I am not looking for a correct answer. What I care about is the thought process, and the way it is presented in writing.
- Additional Notes:
  - + Assessments' deadlines will be communicated to you via: i) announcements in Brightspace, ii) emails, and iii) appropriate entry in the course calendar (Brightspace).

**Assessment Dates during the term:**

<b>Midterm Exam</b>	February 9 <sup>th</sup>
<b>Project</b>	
Part 1: Data	February 26 <sup>th</sup>
Part 2: Analysis	March 26 <sup>th</sup>
Presentation	April 2 <sup>nd</sup>

**Grading scheme:**

A+	A	A-	B+	B	B-	C+	C	C-	D	F
90-100	85-89	80-84	77-79	73-76	70-72	65-69	60-64	55-59	50-54	<50

To pass the course, a student must achieve an overall passing grade and a minimum grade of 45% on the final examination, which covers material drawn from the entire course.

**Important Dates:**

- Last Day to Change and Add Classes for registered students: January 15<sup>th</sup>
- Last Day to Drop without “W”: January 29<sup>th</sup>
- Last Day to Drop with “W”: April 8<sup>th</sup>
- Last Day of course: April 6<sup>th</sup>
- Winter study break: February 15<sup>th</sup>-19<sup>th</sup>
- **Final Exam:** Regular exam period (April 10<sup>h</sup>- April 23<sup>rd</sup>)

**Course Policies:**
**Discussion Boards:**

*“Verba volant, scripta manent”.*

***Read-Understand-Think-Write-Review-Post***

- You must be careful of what and how you write. Think before typing. Make sure that you review all your posts prior to publishing them. Be mindful of the following:
  1. Make sure that you check your grammar/syntax.
  2. Remember that CAPS is equivalent to shouting.
  3. Sarcasm/humour is difficult to do at regular times let alone while in an online setting. Avoid any attempts as you may end up offending someone.
  4. If you would not say it face to face, don't say it online.
  5. Use a respectful and more formal tone. Consider every one of your colleagues to be your future employer. What may be fine for online chats in Facebook/Instagram/Snapchat/WeChat, it is not OK in a classroom setting.
  6. Be kind and respectful in your comments—even if you disagree with someone. Try not to take immediate offence and provide the benefit of doubt to your classmates.
- Before submitting a post, make sure that you have read and properly understood all that has already been published.

**Email Policy:**

Do not expect an immediate reply to your emails. I reserve the right to respond according to the policies outlined below. Note that online teaching does not imply that the instructor is available 24/7:

- Before sending an email with a question, you should first check your course outline, any announcements in Brightspace, or past emails by the instructor.
- Weekdays: I will reply any email that I receive by 19.00 (ADT/AST). After that time, I would only reply emails that I deem them to be urgent. All other emails will be answered the morning of the next day.
- Weekends: I will check my emails but do not expect a reply unless it is about technical problems or questions about assignments.

**Online Access:**

When connecting to online resources, students are responsible for observing any applicable laws of the country they are connecting from. Students are responsible to establish whether they have access to all course material as soon as the term begins and before the ADD/DROP date. If students do not have access to certain material, they need to inform the instructor as soon as possible.

Alternative access methods are not guaranteed.

**Course content/Schedule:**

<b>Dates</b>	<b>Topic</b>	<b>Material (Book)</b>
<b>Topic 0</b> Week 1	Discussion of Course Outline	Slides
<b>Topic 1</b> Weeks 2	National Income Accounting and the Balance of Payments	Ch. 13
<b>Topic 2</b> Weeks 3, 4, 5	Exchange Rates and the Foreign Exchange Market: An Asset Approach (UIP) Money, Interest Rates, and Exchange Rates Price Level and the Exchange Rate in the Long Run (PPP)	Notes Ch. 14, 15, 16
<b>Topic 3</b> Weeks 6, 7, 8	Output and the Exchange Rate in the Short Run Fixed Exchange Rates and Foreign Exchange Intervention	Ch. 17, 18

February 15<sup>th</sup> – February 19<sup>th</sup>: Study Break

<b>Topic 4</b> Weeks 9, 10	International Monetary Systems Optimum Currency Areas and the European Experience	Notes Ch. 19, 21
<b>Topic 5</b> Week 11, 12	Financial Globalization: Opportunity and Crisis Developing Countries: Growth, Crisis, and Reform	Ch. 20, 22

**April 10<sup>th</sup> - April 23<sup>rd</sup>: Final Exam**

**Notes:**

Week 01: Jan 6<sup>th</sup>-Jan 8<sup>th</sup>

Week 02: Jan 11<sup>th</sup>- Jan 15<sup>th</sup>

Week 03: Jan 18<sup>th</sup>-Jan 22<sup>nd</sup>

Week 04: Jan 25<sup>th</sup> - Jan 29<sup>th</sup>

Week 05: Feb 1<sup>st</sup> – Feb 5<sup>th</sup>

Week 06: Feb 8<sup>th</sup> – Feb 12<sup>th</sup>

Week 07: Feb 22<sup>nd</sup> – Feb 26<sup>th</sup>

Week 08: Mar 1<sup>st</sup> – Mar 5<sup>th</sup>

Week 09: Mar 8<sup>th</sup> – Mar 12<sup>th</sup>

Week 10: Mar 15<sup>th</sup> – Mar 19<sup>th</sup>

Week 11: Mar 22<sup>nd</sup> – Mar 26<sup>th</sup>

Week 10: Mar 29<sup>th</sup> – Apr 2<sup>nd</sup>

Week 13: Apr 5<sup>th</sup>-Apr 8<sup>th</sup>

## University Policies and Statements

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

### **Missed or Late Academic Requirements due to Student Absence**

As per Senate decision instructors may not require medical notes of students who must miss an academic requirement, **including the final exam**, for courses offered during fall or winter 2020-21 (until April 30, 2021).

Information on regular policy, including the use of the Student Declaration of Absence can be found here:

[https://www.dal.ca/dept/university\\_secretariat/policies/academic/missed-or-late-academic-requirements-due-to-student-absence.html](https://www.dal.ca/dept/university_secretariat/policies/academic/missed-or-late-academic-requirements-due-to-student-absence.html).

### **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](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](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](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](mailto:elders@dal.ca)).

**Information:** [https://www.dal.ca/campus\\_life/communities/indigenous.html](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](https://www.dal.ca/academics/important_dates.html)

### **University Grading Practices**

[https://www.dal.ca/dept/university\\_secretariat/policies/academic/grading-practices-policy.html](https://www.dal.ca/dept/university_secretariat/policies/academic/grading-practices-policy.html)

## Student Resources and Support

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### Advising

General Advising [https://www.dal.ca/campus\\_life/academic-support/advising.html](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](https://www.dal.ca/campus_life/communities/indigenous.html)

Black Students Advising Centre: [https://www.dal.ca/campus\\_life/communities/black-student-advising.html](https://www.dal.ca/campus_life/communities/black-student-advising.html)

International Centre: [https://www.dal.ca/campus\\_life/international-centre/current-students.html](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](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](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](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](https://www.dal.ca/campus_life/safety-respect/student-rights-and-responsibilities/where-to-get-help/ombudsperson.html)

### Safety

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.”