

# University of Toronto, Economics Department, Academic Year 2011-12

## International Economic Institutions and Policy, ECO230Y1

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**Office Hours:** Wednesdays 4:30-5:30

### **Course Description:**

This course includes two major parts. First the international trade, which examines different trade theories, and impacts of different trade policies on economies. Also, the effects of trade on the patterns of production, consumption, prices, wages, and welfare will be studied in this part. Second the international finance, which mainly discusses the macroeconomic theories of balance of payments and exchange rate in a small open economy. Theories of exchange-rate determination in a world of floating exchange rates are discussed, and the different exchange rate regimes, i.e. fixed versus flexible exchange rates are compared in terms impacts of policies and shocks, capital movements, and money supply, in short and long run.

### **Textbook:**

Paul R. Krugman and Maurice Obstfeld, International Economics: Theory and Policy, 9th Edition.

### **Requirements:**

There will be three term tests, scheduled as in below. There will be **no** make-up test. If for emergency circumstances, acceptable by the university rules, you miss a term test, the weight will be shifted to the final exam. Your documentations should be submitted within a week of the missed test.

**If you miss more than a term test, one will be replaced by the final exam, and the rest will receive ZERO under ANY circumstances.**

### **Website and Email:**

- I will post problem sets, solutions, announcements, and other related materials on Blackboard. It is your responsibility to follow up and get the information about tests, exam, and other issues.

- Notes posted on the website may not be complete. They will be completed in class. The complete version will **NOT** be available.

- Emails are used only as the last resort, and after checking the outline and website. For questions regarding the course materials you should talk to me or TA during the office hours. In case of email, you should put your **last name and student ID# in the subject line, otherwise your email will not be read.**

### **Appeals:**

For re-grading your term tests, you should submit your test papers and a detailed request to the Economics Department or me within 2 weeks after posting the grades on the website. After that no request is accepted. In revision your grade can go either way, up or down.

**NOTE:** I do not accept appeals to receive more partial points, as granting partial points is up to graders. But you can appeal if the graders have miscalculated your total mark or forgot to grade a part.

### **Behavior and Conduct in Class:**

No distraction in class will be tolerated. You are asked to leave the class if you distract the class by talking to others, or use of electronic devices like cell phone, iPod, or any other devices.

## Other Issues:

- I really urge you to do problem sets, attend the tutorials, and use the office hours on a regular basis.
- Please make sure to have proper prerequisites of this course in order to avoid any problem later on with your registration for this course.
- I will follow the textbook very closely, but supplementary examples, graphs, and materials might be discussed in class. For the tests and exam, you are responsible for all the materials that are discussed in class.
- If you are taking the tests in the accessibility center, I have no responsibility with regards to the possible typos, changes, extra explanations, and announcements provided during the regular test sessions.
- Marginal grade adjustments for the final letter grade of the course will be at the instructor's discretion. In case of petition for re-grading of the final exam, the adjustment may be revised.

	First Term Test	Second Term Test	Third Term Test	Final Exam
Date	Nov. 2, 2011	Jan. 25, 2012	March 14, 2012	TBD
Weight	17%	17%	17%	49%

## Topics:

**This is a tentative schedule for this course.**

**Actual pace and coverage of the materials might be different**

Chapter	Materials
1-2	Introduction and : facts about trade and globalization
3	Labor Productivity and Comparative Advantage: Ricardian Model of Trade
4	Specific Factors and Income Distribution
5	Resources, Comparative Advantage, and Income Distribution: Heckscher-Ohlin Model (The Factor Proportions Model)
6	The Standard Trade Model
9	The Instruments of Trade Policies, Tariffs, Quotas, and VERs
13	National Accounting
14	Exchange Rates and the Foreign Exchange Market
15	Money, Interest Rates, and Exchange Rates
16	Price Levels and Exchange Rate in the Long Run
17	Output and Exchange Rate in the Short Run
18	Macroeconomics under Fixed Exchange Rate Regime
19	The International Monetary System
19	Macroeconomics under Floating Exchange Rate Regime
20	Optimum Currency Areas