

University of Toronto, Economics Department, Academic Year 2014-15

International Economic Institutions and Policy, ECO230Y1

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Office Hours: Tuesdays 3:00-5:30pm, Room GE344 (will be revised for winter 2015, see the website)

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 Krugman, Obstfeld, and Melitz, International Economics: Theory and Policy, 10th Edition.

Evaluations:

Evaluation	Weight	Date	Time
First Term Test	20%	Nov. 3, 2014	During class hours
Writing Assignment#1	5%	Nov. 30, 2014	2pm, sharp
Second Term Test	12.5%	Jan. 19, 2015	During class hours
Third Term Test	12.5%	March 9, 2015	During class hours
Writing Assignment#2	5%	March 22, 2015	2pm, sharp
Final Exam	45%	TBD	TBD

There will be three term tests, scheduled as in above. 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. If you miss a test, you should inform me by email within two days, and submit your documentations 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.**

- The details of the writing assignments will be announced later on. The assignment files must be received by email, before the dates and times in above. **You Have to Use Your UofT Email Account to Send the Assignment Files.** The deadline will not be extended. No excuse like network failure or system interruption ... is acceptable. If you miss the writing assignments, they cannot be substituted by anything else.

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.

- You should use your UofT email address to communicate with me. 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.

Academic Integrity:

- Students should note that any form of academic misconduct will not be tolerated. Any student caught engaging in such activities will be subject to academic discipline ranging from a mark of zero on a test or examination to dismissal from the university as outlined in the academic handbook. Any student abetting or otherwise assisting in such misconduct will also be subject to academic penalties. All suspected cases will be reported to the Department of Economics and OSAI. Please consult with the university's *Code of Behavior on Academic Matters*:

<http://www.governingcouncil.utoronto.ca/policies/behaveac.htm>

Other Issues:

- 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.
- 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.

Topics:

This is a tentative schedule for this course.

Actual pace and coverage of the materials might be different

Chapter	Sessions	Materials
1-2	1	Introduction and : facts about trade and globalization
3	2 & 3	Labor Productivity and Comparative Advantage: Ricardian Model of Trade
4	4 & 5	Specific Factors and Income Distribution
5	6 & 7	Resources, Comparative Advantage, and Income Distribution: Heckscher-Ohlin Model (The Factor Proportions Model)
	8	Term Test #1: November 3, 2014
6	9	The Standard Trade Model
7	10 & 11	The External Economies to Scale Trade Model
9	12 & 13	The Instruments of Trade Policies, Tariffs, Quotas, and VERs
13	14	National Accounting
	15	Term Test #2: January 19, 2015
14	16 & 17	Exchange Rates and the Foreign Exchange Market
15	18	Money, Interest Rates, and Exchange Rates
16	19 & 20	Price Levels and Exchange Rate in the Long Run
	21	Term Test #3: March 9, 2015
17	22	Output and Exchange Rate in the Short Run
18	23	Macroeconomics under Fixed Exchange Rate Regime
19	24	The International Monetary System and Macroeconomics under Floating Exchange Rate Regime