

# University of Toronto, Economics Department, Academic Year 2017-18

## International Economic Institutions and Policy, ECO230Y1

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**Office Hours:** Thursdays 12:15-2:00PM. Room GE164, only for fall semester. Please check the Blackboard portal for the updates and winter office hours.

### **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:**

<b>Evaluation</b>	<b>Weight</b>	<b>Date</b>	<b>Time</b>
First Term Test	15%	Nov. 1, 2017	During class hours
First semester graded assignments	8%	First semester	
Second Term Test	12.5%	Jan. 17, 2018	During class hours
Second semester graded assignments	7%	Second semester	
Third Term Test	12.5%	March 14, 2018	During class hours
Writing Assignment	10%	March 25, 2018	9pm, sharp
Final Exam	35%	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. In case of missing a test, you should inform me by email within two days from the test, and submit the **hardcopy** of your documentations within a week of the missed test to me, or the economics department front desk. Please do not send the scan of the documents by email.

**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 assignment will be announced later. The assignment file must be received by **email**, before the date and time 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

- There will be a few on-line assignments through Blackboard portal, which will be graded in each of two semesters with the total weight of 15%. If you miss any of the graded assignments, they cannot be substituted by anything else. The information for these assignments will be posted in advance on the portal.

### **Website and Email:**

- I will post exercises with solutions, notes, 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 the course name in the subject line, otherwise your email will not be read.**

### **Appeals:**

For re-grading your term tests, you should submit a written request with your detailed reasons to me, within 2 weeks of distributing the papers in class. After this period, no request is accepted. Do not change or write on your test paper. Reasons like “**I believe I should receive more partial marks for this question**” may not be a good basis for re-grading. Your grade can go either way, up or down by re-grading.

### **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, order, 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	Resources, Comparative Advantage, and Income Distribution: Heckscher-Ohlin Model (The Factor Proportions Model)
6	7	The Standard Model
	<b>8</b>	<b>Term Test #1: November 1, 2017</b>
6	9	The Standard Trade Model (continued)
7	10 & 11	The External Economies to Scale Trade Model
9	12	The Instruments of Trade Policies, Tariffs, Quotas, and VERs
13	13	National Accounting
	<b>14</b>	<b>Term Test #2: January 17, 2018</b>
14	15 & 16	Exchange Rates and the Foreign Exchange Market
15	17 & 18	Money, Interest Rates, and Exchange Rates
16	19	Price Levels and Exchange Rate in the Long Run
17	20	Output and Exchange Rate in the Short Run
	<b>21</b>	<b>Term Test #3: March 14, 2018</b>
17	22	Output and Exchange Rate in the Short Run (continued)
18	23	Macroeconomics under Fixed Exchange Rate Regime
19	24	The International Monetary System and Macroeconomics under Floating Exchange Rate Regime