

# ECO 232H1: Global Macroeconomics and Policies

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Course site for all sections: <https://q.utoronto.ca/courses/253333>

Communication (office hours, Piazza, e-mail): see Section 9

## 1. Course Description

This course aims to examine how small open economies interact with each other in an international setting. It begins by presenting an introduction into international capital markets and unbalanced trade. It then discusses the exchange rate and balance of payment and relates their determination to world markets and domestic economic conditions. The course presents a brief introduction into business cycles and short-term macroeconomic adjustments for open economies. It discusses various economic policies designed to manage the macroeconomy and how their effects change under different exchange rate regimes—discussing floating exchange rates, fixed exchange rates and currency unions—and presents implications for the current account and the economy as a whole. The final part of the course will briefly discuss microeconomic and macroeconomic determinants of economic development, which guide the long-term evolution of economies.

## 2. Learning Outcomes

By the end of the course, students will be able to:

1. Explain why capital markets exist and why some nations run trade deficits/surpluses.
2. Describe what exchange rates and the foreign exchange market are
3. Analyse how changes in monetary policy affect the exchange rates in the short and the long run
4. Explain how changes in the domestic and international economic conditions affect the country's output, unemployment and current account.
5. Evaluate the benefits and drawbacks of each of the possible choices in the monetary trilemma.
6. Evaluate whether a set of economies should adopt a common currency.

## 3. Prerequisites, Accessibility and Help

- The [undergraduate administrator](#) may be able to help you with missing [prerequisites](#). Note that I [cannot waive prerequisites](#).
- For accessibility concerns immediately visit <http://www.studentlife.utoronto.ca/as> and register with Accommodated Testing Services (ATS): <https://www.ace.utoronto.ca/ats/>. We can only provide accommodations outside of the ones within the design of the course if they are suggested by ATS.
- Everyone must officially declare ALL absences: <https://help.acorn.utoronto.ca/blog/ufaqs/declare-an-absence/>.
- If you have trouble, seek help right away from us, the [Academic Success Centre](#) and/or your [College Registrar](#). The Registrar can provide you with comprehensive support and guidance and, where appropriate, contact your professor and advocate on your behalf while protecting your privacy. This requires *working closely* with your College Registrar, and not merely having them restate your requests to your professors. Remember, **for any issues that extend beyond this course, or last more than a week, contact your College Registrar immediately.**

## 4. Technical requirements

Some components of this course (some workshops, tutorials and office hours) will be delivered online. Proactively maintain your devices and software. For [Zoom](#), this includes downloading and regularly updating the Zoom Desktop Client. For [Crowdmark](#), you need high-speed internet, a PC or laptop, and the ability to scan (or take pictures of) your assignments and upload them. Immediately contact [The Information Commons Help Desk](#) with any technical issues related to your devices, software, Quercus, or connectivity.

We will not accept missed work due to technical difficulty, deadline confusion, internet, or hardware problems. You can technically (but try not to) miss one Graded Homework, one Tutorial and one Weekly Lecture Question (for details, see sections 6.3 and 6.5). I would strongly suggest keeping these options for unforeseen technical difficulties or other incidents.

## 5. Required Readings

The required textbook for this course is *International Economics: Theory & Policy*, by Paul R. Krugman, Maurice Obstfeld and Marc Melitz, 11th Edition. I will be following the textbook closely for some of the material. For the topics where my coverage differs from the book, my coverage takes precedence. Each week you will have an ungraded problem set which might include the textbook end-of-chapter problems. See [Quercus](#) for the details on how you can purchase the textbook.

## 6. Course Delivery Details

### 6.1 Pre-recorded Lectures

Each week, part of the course material (main theories and technical details) will be delivered via pre-recorded lectures. They will be posted with slides on Wednesday or Thursday each week. The reason for pre-recording part of the instructional material is so that you can go over the material at your own pace as many times as you want. You are required to watch the lecture and submit at least one question (see Section 7.5) about the material covered in it before the associated in-person/online synchronous Workshop. For best results, try to mimic your behavior in live lectures: block out a regular time to watch the material and avoid distractions.

Do not share any of the course materials. Course videos and materials belong to your instructor, the University, and/or other sources depending on the specific facts of each situation and are protected by copyright. In this course, you are permitted to download session videos and materials for your own academic use, but you should not copy, share, or use them for any other purpose without the explicit permission of the instructor.

### 6.2 In-person Workshops

During the course calendar times on **Monday**, we will meet for live synchronous or in-person workshops, depending on the public health situation. These are not required for your participation grade, but I highly recommend that you attend all of them and pay close attention. During the workshops, I will answer some of your Weekly Lecture questions (see Section 7.5), we will do practice problems and past exam problems, discuss the real world data and current events in the context of the models that are covered in the pre-recorded lectures, as well as the course material more broadly.

You must attend with your ACORN section and at your assigned time: we cannot permit you to switch times for any reason. Do not schedule any conflicts during any of your ACORN time slots. For more information on assigned times, please see [Quercus](#). The in-person workshops will not be recorded, so if you can make it, please make sure to attend.

### 6.3 Possible alternative arrangements

If, as the term progresses, we find that the format outlined above is not optimal for the class's learning, we will switch back to regular 2-hour online synchronous or in-person (depending on the public health situation) lecture format. The

idea to split the content of the course into a pre-recorded video part and an in-person/online synchronous active part stems from the students' feedback and my own experience last year with online synchronous lectures that were subsequently recorded: the students appreciated having the recordings of the lectures, while at the same time enjoying the live synchronous components of lecturing where they could ask their questions, talk about current events with me and discuss the insights of the models that we learned. This is the atmosphere that we are trying to mimic with the above setup, with the added benefit of in-person interaction (if we transition to in-person learning as the semester progresses).

Note that depending on the public health situation and whether we end up remaining fully online for the remainder of the semester, the format of the course delivery may change completely to accommodate the developments.

## 6.4 Online Tutorials

Synchronous online tutorial sessions will be run by TAs on **Thursdays** at various times. Tutorials will be held completely online via Zoom. Having fully online tutorials allows us to offer more tutorial times and reduce the number of people in each tutorial group to promote learning and engagement with your TAs.

Your regular and active participation counts towards your participation grade (see Section 7.5). This includes answering any polls, contributing to the chat (via typing), answering questions verbally, and/or via other activities. You can miss **one tutorial** throughout the year without an excuse or an explanation. Tutorials may evolve over the year as everyone gains experience with the group dynamics and available technologies.

For tutorials, we offer extra options beyond 2pm to 4pm on Thursdays. You are required to sign up for a tutorial session on Quercus via People. Conditional on student demand, we may adjust offered times. Tutorial enrollment locks at 5pm on January 17<sup>th</sup>: sign-up with care, ensuring no conflicts, and thinking ahead to the entire Winter term. Your first tutorial will be on Thursday January 20<sup>th</sup> and will not count towards your participation grade.

Weekly TA tutorials help you actively work with difficult course material and hone your problem-solving skills to deepen your understanding of course concepts. The TA will go over problems related to the course material, so they present the perfect opportunity for you to get more practice engaging with economic models and concepts presented during lectures. Some of the tutorial questions will be posted in advance. Extra practice in tutorials will be incredibly helpful to your completion of the Graded Homeworks (see Section 7.3). To make the most out of tutorials, watch the week's lectures and complete the readings (if you choose to do the readings), as well as attempt the tutorial problems before you attend the tutorials.

## 7. Marking Scheme and Important Dates

The table presents an overview of important deadlines for the course

Date	Term Work	Weight
February 28 <sup>th</sup> 2022	Writing Assignment 1 Due	<b>14.5%</b>
Week of February 28 <sup>th</sup> , 2022	Midterm	<b>19%</b>
April 7 <sup>th</sup> , 2022	Writing Assignment 2 Due	<b>19%</b>
April 11 <sup>th</sup> -29 <sup>th</sup> , 2022	Final Exam, details TBD	<b>25%</b>
Throughout the Course (See Section 7.3)	6 Homeworks	<b>12.5%</b>
Weekly (See Section 7.5)	Participation	<b>10%</b>

Quercus will give precise details for each assessment, including penalties for lateness, when applicable. Normally, students will be required to submit their course essays to the University's plagiarism detection tool for a review of textual similarity and detection of possible plagiarism. In doing so, students will allow their essays to be included as source documents in the tool's reference database, where they will be used solely for the purpose of detecting

plagiarism. The terms that apply to the University's use of this tool are described on the Centre for Teaching Support & Innovation web site (<https://uoft.me/pdt-faq>).

Please note that the grading scheme above is contingent on the public health situation. The planned format of assessments and activities may change and the **weights may need to change** in unexpected ways if the course ends up significantly disrupted by events outside of our control. As always, you are expected to keep a sharp eye on our [Quercus](#) site for announcements and information. Be prepared for disruptions and changes.

### 7.1 Term Test (19%)

There will be one Midterm for the course:

- Midterm (19%), some time in the week of February 28<sup>th</sup> 2022

Exact coverage and details of how the test will be administered will be posted on Quercus in advance of the test. **No collaboration** is allowed. If the midterm is administered in-person, there will be no online accommodations.

### 7.2 Final Exam (25%)

The final exam will be held during the Winter Final Exam Period. Further details will be posted on Quercus at the end of the term. The final assessment **is** cumulative and will cover all of the material presented in the course. **No collaboration** is allowed. If the final is administered in-person, there will be no online accommodations.

### 7.3 Graded Homeworks (12.5%)

There are 6 Graded Homeworks due on Thursdays throughout the course starting on January 27<sup>th</sup>.

- Each homework will be worth **2.5%** of your total grade. Your lowest score will be automatically dropped in the computation of your final grade.
- The homeworks will be available and will be due on January 27<sup>th</sup> 2022, February 3<sup>rd</sup> 2022, February 17<sup>th</sup> 2022, March 17<sup>th</sup> 2022, March 24<sup>th</sup> 2022, March 31<sup>st</sup> 2022.
- They will typically consist of a combination of numeric calculation and short answer questions and be available on Crowdmark.
- The late penalty for submitting your homework late is 5% per minute. We will waive your first late penalty provided that it is reasonable.
- The homeworks will be cumulative (you can expect around 50% of the homework to cover the previous week's material and 50% to cover past material throughout the course).
- The homeworks are open-book/open-notes but **no collaboration** is allowed

Note that the composition of the Graded Homework questions may evolve over the semester as everyone gains experience with the assignment and available technologies.

### 7.4 Writing Assignments (33.5%)

There will be two writing assignments administered throughout the course. The point of Writing Assignment 1 is to help you prepare and contextualize the material for the Midterm. The point of Writing Assignment 2 is to give you the opportunity to apply your newly gained knowledge of economics in a "real-life" setting and practice your writing skills. The details of the assignments will be posted on Quercus some time before their due date. You will need to submit the assignment before the deadline. **No collaboration** is allowed. No extensions are granted for any reason (illness, computer problems etc.). There is a 20% (of assignment total grade) penalty per 24 hours for late submissions. No submissions will be accepted 5 calendar days after the deadline.

## 7.5 Participation (10%)

The participation grade consists of two main components: Weekly Lecture Question submission and Tutorial attendance and participation. In rare cases, it may further be supplemented by the overall assessment of your engagement in the course (office hours attendance and participation, contribution to Piazza).

Each week, after the pre-recorded lecture video is posted for the week, you will gain access to the Weekly Lecture Question assessment on Crowdmark, where you will be required to post at least one question about the material covered in the lecture video (you can post more than one if you have more questions). Select questions will be incorporated in the in-person workshops with me, as well as the tutorials with your TAs. Your lowest Weekly Lecture Question score will be dropped. Your first Weekly Lecture Question is due on Sunday January 16<sup>th</sup> at 12pm.

You are also required to attend tutorials and participate by answering the polls in the tutorial and asking and answering questions. Once you select a tutorial session, you should make the utmost effort to stick to this particular session so that you can build a relationship with your TA and with your peers.

The *quality* of your participation will matter for your grades: the quality of your lecture questions and your consistency and the quality of your engagement with the TAs during the tutorials will affect your overall participation grade. Any negative participation may result in an overall mark of zero for participation. This would include, but is not limited to, any behaviors that run contrary to the expectations of this syllabus (e.g. seeming to engage in collaboration, skipping work, etc.), failing to follow instructions, and any disruptive behaviors affecting your peers, TAs, and/or your instructor.

You will only learn your participation mark indirectly after the course is complete and your official course grade is on ACORN. Given your other known marks, you can deduce your participation mark, which cannot be appealed. Course grades reflect a fair assessment of submitted work and are not subject to negotiation.

## 7.6 Ungraded Problem Sets

For most topics the course site will provide an ungraded problem set with solutions. It will be a combination of assigned end-of-chapter textbook exercises and problems written to supplement the textbook. Both give you practice working with and applying course concepts. Mindfully completing weekly ungraded problem sets will be helpful for doing well on the Graded Homeworks.

## 7.7 Remark Requests

Remark requests for the stand-alone assignments (this includes the Midterm and the Writing Assignments only) must: (1) Be submitted to [Remark Request](#), which is an MS Form, (2) Explain precisely WHY and for which question more points are justified, (3) Be submitted within TWO WEEKS of the graded work having been returned to the class. The entire submission may be remarked: your mark can go up, down, or remain unchanged. These are given a fair look: TAs are not seeking to penalize those with genuine marking concerns. Requests are reviewed after the two-week deadline, not immediately. We will not consider any remark requests after the deadline.

We will not consider individual remark requests for the Graded Homeworks or Weekly Lecture Questions.

## 7.8 Extensions and Make-Ups

Any missed work earns a mark of zero. This section explains special accommodations for: illness, injury, personal/family problems, joining our course late, religious reasons, extracurricular conflicts, technology problems, internet or power outages, quarantine issues, travel issues, accessibility concerns, and/or other challenging situations. **Remember, for significant challenges, which last more than a week, work with your College Registrar immediately.**

To accommodate students who cannot attend up to one TA tutorial, we drop the worst week. To accommodate students who cannot complete or do poorly on up to **one** Graded Homework, we drop the worst score. To accommodate students who cannot complete up to one Weekly Lecture Question, we drop the lowest score. Save these accommodations for

illness or other emergencies entirely outside of your control: do not miss the coursework because you are busy or for any potentially avoidable reasons. These accommodations are applied automatically and also accommodate students who attend and complete their work but face any challenges negatively affecting their performance some weeks. Any additional accommodations for the Graded Homeworks, missed Tutorials and Weekly Lecture Questions beyond the ones requested by the ATS or outlined above are extremely limited and completely at our discretion.

There will be no extensions or make-up for the Writing Assignments and the Graded Homeworks for any reason. The Writing Assignments can be completed over a number of days, and the policy of dropping the lowest score for the Homework is intended to accommodate missing the assignment due to illness, injury or personal/family issues.

For ongoing injury, illness, or personal/family problems that last longer than 5 days you must contact your College Registrar immediately <https://future.utoronto.ca/current-students/registrars/>.

If you have to completely miss the midterm, complete ALL of these steps:

1. Complete [Missed Term Test](#) which is an MS Form. It must be submitted AT LEAST ONE HOUR BEFORE THE START TIME of the missed term test. It is unacceptable to fail to show up for an important engagement without advance notice. In extreme circumstances (e.g. being arrested), we may accept a later form, but unconvincing reasons for not submitting it earlier are factored in when assessing your performance. We do NOT wish to see any document completed by a doctor or other professional. All questions in the MS form are required, including a copy of your Absence Declaration (<https://help.acorn.utoronto.ca/blog/ufags/declare-an-absence/>).
2. Check your email regularly. Within one week of the missed midterm you should receive an e-mail acknowledging the receipt of your Missed Midterm form and stating whether you can take the MakeUp Midterm.
3. Complete a cumulative make-up to be scheduled by us. The MakeUp Midterm might be written or oral at the discretion of the instruction team.

Your performance on both the make-up and other graded course work, as well your MS Form submission and correspondence, will be taken under advisement in determining your final course grade. We do not report marks for make-ups. However, after all regular course work is complete and returned, we will report the mark assigned for the original missed assessment.

Failing to complete all three steps above, regardless of the reason, results in a mark of zero on the original missed work. We do not accept late submissions and there are no make-ups for the make-up and no extensions for any reason.

Accommodations for missing more work than addressed above are extremely limited: (1) an ongoing and substantial injury, illness, or personal/family problem seriously affecting the student's ability to complete term work across all courses over an extended period of time where the student's College Registrar writes to me after meeting with the student and formally requests an accommodation on the student's behalf or (2) more than one conflict not related to injury, illness or personal/family problems where I am contacted by the student very far in advance (e.g. an athlete who notifies me in January of international competitions conflicting with work). In these limited situations, I will consider whether accommodations can still meet all course requirements or whether the student must be advised to drop the course and retake it when able to complete the required work. Any such extraordinary accommodations are at my discretion and may involve completing work at an alternate time, an oral and/or other assessment, reweighting, and/or may be contingent on performance on other work.

## 8. Weekly Routine

Winter term starts on Monday. The table above summarizes a typical week in the course. **Note: this is a generic week and does not include any tests/assignments. You will have to add assessment completion to your study plan.**

Day	Wednesday	Thursday	Friday	Weekend	Monday	Tuesday
	Pre-recorded lecture is posted	Attend live online tutorials throughout the day  A Graded Homework on past material may be posted and due	Weekly Lecture Question due		Attend the in-person/live synchronous Workshop at your assigned time	
Suggested Study Plan	Watch the lecture video  Submit your weekly Lecture Question	Attend the tutorials.		Must Submit your weekly lecture question by Sunday 12pm.	Attend and actively participate in the in-person/ live synchronous workshop.	Work on your notes and Problem Sets
Ask and answer questions on Piazza.						

## 9. Communication

For content-related and administrative questions, use Piazza or the Weekly Lecture Question form. You also have opportunities to ask content-related questions during the workshop, as well as during the Instructor’s office hours and the TA tutorials.

The instructor’s email is [o.denislamova@utoronto.ca](mailto:o.denislamova@utoronto.ca). Use instructor emails for course problems that require immediate attention (e.g. broken links etc.) or for personal problems. If you have a personal problem that you’d like to discuss privately in a synchronous setting, we can schedule a brief meeting. No content-related questions will be addressed by the instructor via email. Overall, e-mail is appropriate in limited circumstances: please do not take offense if my reply simply reminds you of this section and/or directs you to Piazza. I will do my best to respond to the shorter emails within 2 business day and to the longer emails within 5 business days.

### 9.1 Instructor Office Hours

I will be holding **online** office hours sessions during the week (times TBD). You can attend any session. You are not required, but strongly encouraged to attend these sessions, as they are an important opportunity for you to ask the Instructor questions about the course material. These sessions will not be recorded so that students feel comfortable actively participating.

### 9.2 Piazza

Register for Piazza via Quercus (left toolbar). The emphasis is on student-to-student Q&A. However, the TAs will work to ensure proper usage, flag some postings, and answer selected content questions. We will also answer questions requiring an instructor’s response (e.g. about the syllabus). Give a descriptive title to your post: for example, “Lecture 3, Slide 7: Meaning of the alpha parameter?” or “PS 4, Problem 2” rather than “Help with lecture” or “Problem Set question.” Also, specific questions that include relevant images (e.g. relevant screenshots or a scan of your attempt) tend to have the best chances of a helpful answer. Asking and answering questions on Piazza does not routinely count

towards your participation grade, however particularly active or insightful contributors might be rewarded with extra Participation points. Piazza is set to “inactive” during weekends and holidays.

## 10. Academic Integrity

Academic Integrity is central to a UofT education. We take academic integrity very seriously, and so should you. Please do not put yourself, your classmates, the TAs and me in a terrible situation by engaging in academic integrity violations. Even if you are suffering stress, under extreme pressure, far behind, facing failure, and/or lacking self-confidence, cheating is not worth it. Dealing with infractions is incredibly stressful for everybody involved and can take many, many months to resolve, which may affect your ability to take courses next year. In order to avoid an academic integrity infraction, follows these guidelines:

- **Do your own work.** We design course work to develop and assess skills useful in upper-level courses and the job market. You lose a valuable opportunity to develop these skills and lower the value of the UofT brand when you cheat.
- **Properly acknowledge other people’s ideas.** You’d want the same for your ideas.
- **Ask you if are unsure.** Unless explicitly told otherwise, assume that you CANNOT discuss ANY graded work with anyone—this includes classmates, friends, family, tutors (paid or unpaid), neighbors, literally anyone. Checking websites for answers, posting your work for others to use, collaborating, soliciting/receiving answers, stating false or misleading information related to assessments, etc., are examples of actions that violate Academic Integrity unless explicitly allowed. Unintentional mistakes or confusion are not a defense. Ask us if you’re unsure.
- You will be required to submit their course essays to the University’s plagiarism detection tool for a review of textual similarity and detection of possible plagiarism. In doing so, students will allow their essays to be included as source documents in the tool’s reference database, where they will be used solely for the purpose of detecting plagiarism. The terms that apply to the University’s use of this tool are described on the Centre for Teaching Support & Innovation web site (<https://uoft.me/pdt-faq>).
- Please read this link and sublinks: <https://www.artsci.utoronto.ca/current/academic-advising-and-support/student-academic-integrity>

## 11. Anticipating Challenges, Changes and Disruptions

I would strongly suggest you make your best efforts starting immediately and on every assessment and every participation opportunity. Do not count on future work to achieve the course grade you are hoping for. Beyond challenges that may affect you, all dates and details in this syllabus are subject to adjustment should any situations arise that disrupt our original plans for the course. The planned format of assessments and activities may change and the weights may need to change in unexpected ways if the course ends up significantly disrupted by events outside of our control. As always, you are expected to keep a sharp eye on our [Quercus](#) site for announcements and information. Be prepared for disruptions and changes.

## 12. Dealing with adversity

Always remember that failures are an expected part of learning and growth.

Always remember that we do not evaluate you as a person or you as a student: we only evaluate your submitted work.

Always remember that your success in any course does not define your worth as a human being.

If you encounter difficulties throughout the course or receive a poor mark, try reflecting on how that poor mark came to be and what is within your control to change going forward. If you’re unsure of the causes, speak with me or your TAs, and especially earlier in the course when there is time to adjust. If you are experiencing issues that last more than 5 days and significantly affect your ability to do your best work, please do not hesitate to contact your [College Registrar](#).



## 13. Topics Outline

Below is the tentative topics outline for the course. The actual pace and content may differ.

<b>Weeks</b>	<b>Chapter(s)</b>	<b>Topic</b>
Week 1	13	National Income Accounting
Week 2	20, Lecture Notes	Intertemporal Trade and International Capital Markets
Week 3	14	Exchange Rates & The Foreign Exchange Market
Week 4	15	Exchange Rates in the Short Run: Money & Interest Rates
Week 5	16	Exchange Rates in the Long Run: Price Level
Week 6	17	Real Exchange Rates
<b>Reading Week</b>		
Week 7	17	Output and Exchange Rate in the Short Run: Introduction
Week 8	17	Output and Exchange Rate in the Short Run: Shifts & CA
Week 9	18	Policy under Fixed Exchange Rate Regime & Capital Flight
Week 10	19	The Monetary Trilemmas
Week 11	21	Optimum Currency Areas
Week 12	Lecture Notes	Brief overview of Development Economics