

ECO 232H1: Global Macroeconomics and Policies

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Course site for all sections: <https://q.utoronto.ca/courses/296034>

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://ism.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/how-do-i-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 (such as 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 Questions (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 recommended textbook for this course is *International Economics: Theory & Policy*, by Paul R. Krugman, Maurice Obstfeld and Marc Melitz, 12th 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 Fridays each week (except for the first week of the Winter term). 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 some questions (see Section 7.5) about the material covered in it before the associated in-person 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 **Thursday**, we will meet for in-person workshops. 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. 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 in-person lecture format. The idea to split the content of the course into a pre-recorded video part and an in-person 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 it turns out to be unsuitable for in-person learning, we will switch to the standard two-hour in-person lectures.

Note that if the class ends up going fully online, the format of the course delivery may change completely to accommodate the developments.

6.4 In-Person Tutorials

An in-person tutorial session will be run by the TA on **Mondays**. Tutorials will be held completely in-person in the course calendar location during the Monday course calendar times almost weekly.

Your regular and active participation counts towards your participation grade (see Section 7.5). This includes filling out and submitting the question sheets that will be distributed during the tutorial and answering questions verbally if prompted by the TA. 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.

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 17 th 2023	Writing Assignment 1 Due	13.5%
February 27 th , 2023	Midterm	20%
April 6 th , 2023	Writing Assignment 2 Due	17%
April 11 th -28 th , 2023	Final Exam, details TBD	27%
Throughout the Course (See Section 7.3)	5 Homeworks	12.5%
Throughout the Course (See Section 7.5)	Participation	10%

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>).

The marking scheme above presumes that the term test and the final exam are in-person as planned. 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 Midterm (20%)

There will be one Midterm held in-person for the course:

- Midterm (20%) February 27th 2023

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.

7.2 Final Exam (27%)

The final exam will be held in-person 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.

7.3 Graded Group Homeworks (12.5%)

There are 6 Graded Group Homeworks that will take place **in-person during the tutorial** throughout the course starting on January 23rd.

- 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 23rd 2023, January 30th 2023, February 13th 2023, March 13th 2023, March 20th 2023 and March 27th 2023.
- They will typically consist of a combination of numeric calculation and short answer questions and be made available during the tutorial. The homework has to be completed during the tutorial in person.
- 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 and you can complete them as part of a group of up to **2** people, but you each **must** submit **your own** assignment.
- Members of the same group might receive different grades if their submitted assignments end up being different in any way.
- Students who are unable to find a group but want to be part of one for Homework 1 should notify the instructor. The instructor could help assigning them into groups.

Note that the composition of the Graded Homework questions may evolve over the semester as everyone gains experience with the assignment and available technologies. The details of the submission may also change if we end up going fully online.

7.4 Writing Assignments (30.5% total)

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 three main components: Weekly Lecture Question submission, tutorial participation and a Midterm Meeting. 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 Questions assessment on Crowdmark, where you will be required to post some questions (guided by various prompts) about the material covered in the lecture video. You must submit your questions by Wednesday 12pm. 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 Questions assignment is due on Wednesday January 18th and will not count towards your participation grade.

You are also required to attend tutorials and participate by answering the question sheets provided in the tutorial and asking and answering questions. You can miss one tutorial without any explanation.

In addition, you will have to attend **one** brief one-on-one Midterm meeting with the professor where we will discuss your performance in the course, what has and has not been working for you in terms of your study strategies and how your performance in the course can be improved going forward. You need to attend and participate in the conversation to receive the full participation grade for this component of the course. More details on the scheduling will be provided on Quercus.

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 TA 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 each topic 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 complete or do poorly on up to **one** Graded Homework, we drop the worst **one** scores. 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 or missed 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 a TERM TEST, 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/uFAQs/how-do-i-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 Term Test form and stating whether you can take the MakeUp Term Test.
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. 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 lecture, as well as during the Instructor's office hours and the TA tutorials. The instructor's email is 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.

8.1 Instructor Office Hours

I will be holding **online** office hours during the week (times TBD). 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.

8.2 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 13, 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.

9. 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>

10. 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.

11. 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](#).

12. Topics Outline

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

Weeks	Chapter(s)	Topic
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
Reading Week		
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