

Department of Economics
University of Waterloo
Fall 2011

ECON 231 – Section 2
Introduction to International Economics

INSTRUCTOR

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LECTURE HOURS AND LOCATION

Tuesdays and Thursdays 11:30 - 12:50 p.m.

DC 1351 (William G. Davis Computer Research Centre)

OFFICE HOURS

Wednesdays 9:30 a.m. - 12:30 p.m.

COURSE WEBPAGE

http://artsweb.uwaterloo.ca/~s287khan/ECON231_LEC2_F11.htm

The course outline, optional assignments, solutions to the optional assignments, solutions to the mid-term exam and other course related materials will be posted on the course webpage. Important announcements concerning the course will also be posted there.

COURSE DESCRIPTION

Theory of comparative advantage and the gains from trade; tariff theory; concepts and measurement of balance of payments; exchange rate systems; reform of international monetary system.

PREREQUISITES:

ECON 101, 102

REQUIRED TEXTBOOK

International Economics: Theory and Policy plus MyEconLab, 9th Edition, 2011, Paul Krugman, Maurice Obstfeld and Marc Melitz, Prentice Hall, ISBN: 9780132744836. [KOM]

TEXTBOOK WEBSITE

<http://www.pearsonhighered.com/krugman/>
www.myeconlab.com

EVALUATION

Optional Assignments (You do NOT have to Submit)	0%
Optional MyEconLab Practice Questions	0%
Mid-term Exam	40%
Final Exam (Comprehensive)	60%

The course grade will be determined by the following rule:

Course Grade = maximum {40% of Midterm + 60% of Final, 100% of Final}

Students **must** write both the midterm exam and final exam to get an option of writing a 100% final exam.

If a student misses the midterm exam due to an acceptable medical reason or for some unavoidable circumstances, the weight of his or her midterm exam will be added to the final exam. Students must report to me the reasons for not writing the midterm exam prior to the exam date or immediately after the exam for my approval.

If a student fails to write the midterm exam without any acceptable reason (subject to my approval), he or she will get zero in the midterm exam. In that case, his or her final exam will worth only 60%. He or she will NOT get an option of writing a 100% final exam.

Academic Integrity:

Discipline: A student is expected to know what constitutes academic integrity, to avoid committing academic offences, and to take responsibility for his/her actions. A student who is unsure whether an action constitutes an offence, or who needs help in learning how to avoid offences (e.g., plagiarism, cheating) or about “rules” for group work/collaboration should seek guidance from the course professor, academic advisor, or the Undergraduate Associate Dean. When misconduct has been found to have occurred, disciplinary penalties will be imposed under Policy 71 – Student Discipline. For information on categories of offenses and types of penalties, students should refer to Policy 71 - Student Discipline,

<http://www.adm.uwaterloo.ca/infosec/Policies/policy71.htm>

Grievance: A student who believes that a decision affecting some aspect of his/her university life has been unfair or unreasonable may have grounds for initiating a grievance. Read Policy 70 - Student Petitions and Grievances, Section 4,

<http://www.adm.uwaterloo.ca/infosec/Policies/policy70.htm>

Appeals: A student may appeal the finding and/or penalty in a decision made under Policy 70 - Student Petitions and Grievances (other than regarding a petition) or Policy 71 - Student Discipline if a ground for an appeal can be established. Read Policy 72 - Student Appeals,

<http://www.adm.uwaterloo.ca/infosec/Policies/policy72.htm>

Academic Integrity website (Arts):

http://arts.uwaterloo.ca/arts/ugrad/academic_responsibility.html

Academic Integrity Office (UW): <http://uwaterloo.ca/academicintegrity/>

Accommodation for Students with Disabilities:

Note for students with disabilities: The Office for Persons with Disabilities (OPD), located in Needles Hall, Room 1132, collaborates with all academic departments to arrange appropriate accommodations for students with disabilities without compromising the academic integrity of the curriculum. If you require academic accommodations to lessen the impact of your disability, please register with the OPD at the beginning of each academic term.

TIPS TO DO WELL IN THIS COURSE

- Attend all the lectures and actively participate in class. Studying just from the lectures slides, which will be posted on the course website, is not a substitute of attending lectures. Some of the materials covered during lectures may NOT be available in lecture slides. Feel free to ask as many questions as you want in the class. There is no 'stupid question' in my class.
- Read the textbook and other assigned readings between the lines and go through your lecture notes of the class. If you have any questions, ask me during my office hours.
- Work out all optional assignments and MyEconLab practice questions. These are meant for helping you understand the course materials and prepare you for the exams.
- Go through the solutions to all optional assignments, MyEconLab practice questions and mid-term carefully. If you face any problem, feel free to stop by during my office hours.

COURSE OUTLINE, LECTURE PLANS AND IMPOARANT DATES

(Reference codes refer to the texts mentioned above)

Date	Topics	References/ Comments
September 13	Introduction to International Economics; The Gravity Model	KOM: Ch 1; Ch 2
September 15	The Ricardian Model – Theory of Comparative Advantage	KOM: Ch 3
September 20	The Ricardian Model - Theory of Comparative Advantage	KOM: Ch 3
September 22	The Ricardian Model - Theory of Comparative Advantage	KOM: Ch 3
September 27	Specific Factors and Income Distribution	KOM: Ch 4
September 29	Specific Factors and Income Distribution	KOM: Ch 4
October 4	The Heckscher-Ohlin Model	KOM: Ch 5
October 6	The Heckscher-Ohlin Model	KOM: Ch 5
October 11	The Instrument of Trade Policy	KOM: Ch 9
October 13	The Instrument of Trade Policy	KOM: Ch 9
October 18	MID-TERM EXAM will be based on the materials covered by the end of the lecture on Oct 11. Tentative Midterm Exam Materials: Ch 1, 2, 3, 4, 5 and some parts of Ch 9.	Exam will be held in class
October 20	National Income Accounting and the Balance of Payments	KOM: Ch 13
October 25	National Income Accounting and the Balance of Payments	KOM: Ch 13
October 27	Exchange Rates and the Foreign Exchange Market: An Asset Approach	KOM: Ch 14
November 1	Exchange Rates and the Foreign Exchange Market: An Asset Approach	KOM: Ch 14
November 3	Money, Interest Rates, and Exchange Rates	KOM: Ch 15
November 8	Money, Interest Rates, and Exchange Rates	KOM: Ch 15
November 10	Price Levels and the Exchange Rates in the Long Run	KOM: Ch 16
November 15	Price Levels and the Exchange Rates in the Long Run	KOM: Ch 16
November 22	Output and Exchange Rate in the Short Run	KOM: Ch 17
November 24	Output and Exchange Rate in the Short Run	KOM: Ch 17
November 29	Fixed Exchange Rates and Foreign Exchange Intervention	KOM: Ch 18
December 1	Fixed Exchange Rates and Foreign Exchange Intervention	KOM: Ch 18

Note: Additional reading materials, if necessary, will be assigned as we make progress through the course.