

University of Waterloo
Department of Economics
ECON 231, Introduction to International Economics
Spring 2016
Course Outline

Instructor: Vivian Yang

Office: PAS 1049

Phone: 519-888-4567 Ext. 37073 (emails are preferred over voicemail messages)

E-mail: vivyang@uwaterloo.ca

Lecture Hours & Location:

- Section 001: 2:30pm -3:50pm M & W, QNC 1502
- Section 002: 11:30am -12:50pm M & W, QNC 1502

Office Hours and Office Location: M and W 1:00 – 2:20pm (Other times by appointments only)

TA: TBA

TA office hours: TBA

Course Description:

This course is an introduction to international trade and international monetary economics. It helps students develop analytical methods and simple models in order to gain insights about international economic phenomena. The theoretical background is used as a basis for discussion of policy issues. The international trade part includes topics of patterns of international trade and production, different theoretical models of trade, gains from trade and government policies towards exports and imports; the international monetary economics part covers balance of payments, foreign exchange markets, behavior of exchange rates, effects and coordination of monetary and fiscal policies in a global economy and currency areas.

The minimum objective for this course is that students acquire knowledge of the fundamental principles and issues in international economics. As such, students should be able to define basic terminology and identify and explain the key issues in international economics. Students should be able to address questions including:

- What is the basis for trade?
- What are the effects of trade?
- Who will gain from trade?
- What factors impede trade flows?
- What is the impact of public policy that attempts to alter the patterns of trade?
- Is it always good to reach free trade treaties?
- What is balance of payments and how it is related to trade deficit?
- What decides each country's exchange rate?
- Can governments do anything to change exchange rates to promote their own economy?
- How does Euro affect trade?

Prerequisite

- ECON101 (Introduction to Microeconomics); &
- ECON102 (Introduction to Macroeconomics)

Email

I may not always have access to voicemail. As such, email is a preferred way to reach me. I will try my best to respond as soon as I can. Please include "Econ 231" and your section # of "001" or "002" in the subject line.

Required Textbook

Krugman, R. Paul, Maurice Obstfeld & Marc J. Melitz: International Economics: Theory and Policy, 10 Edt. Pearson

MyEconLab and study guide that accompany this textbook are optional.

The lectures will roughly follow the textbook, but often will not cover every chapter. Conversely, lectures sometimes will go beyond what is covered in the text. Class notes and additional readings (if applicable) will be posted on LEARN periodically.

Resources

All supplementary course materials (readings, lecture slides/notes, assignments, announcements, etc.) will be posted on LEARN, <http://learn.uwaterloo.ca>

Grading

Evaluation	Percent of final grade	Date	Note
Participation	10%		
Four Online Assignments	20% (5% each)	Respectively, May 22, June 19, July 3 and July 24.	Submitted by the end of the day on LEARN
Two Midterms	30% (15% each)	Respectively, June 1 and July 6	In class
Final Exam (Comprehensive)	40%	Scheduled by the Registrar	

Participation

This course will be using the i>clicker student response system in class. i>clicker helps me to understand what you know and gives everyone a chance to participate in class.

i. Why are clickers used in this course?

Quote from Wood's paper *Clickers: A Teaching Gimmick that Works*, describes advantages of using clickers in a large class for both students and instructors.

“For the students:

- *They are answering anonymously - no one has to worry about the possible humiliation of giving a "dumb" answer.*
- *Those who did not "get it" realize they are not the only ones. In a typical lecture situation, such students are often inhibited from asking a question by the belief "everyone but me probably understood."*
- *Those who apparently did not "get it" often find out the reason was not their lack of knowledge, but an unclear or ambiguous question from the instructor.*
- *Most important, the students are actively engaged with the topic at hand and, therefore, more likely to understand and retain it better than if they were only sitting passively and listening to the instructor.*

For the instructor:

- *S/he can later find out from the software which students are present and give credit, if desired, for in-class participation.*
- *S/he knows immediately, in real time, what fraction of the students didn't "get it," information that often does not become apparent in a standard lecture course until after the next exam, when it's too late to do much about it”.*

ii. Registration of your i>clicker

Students are responsible for buying a clicker (first generation clickers or the new version of clickers both work), bringing it to every class and ensuring that the batteries work.

You must register your i>clicker in order to receive participation credit. I cannot match your answers to your name unless you register your i>clicker to your name using UW internal registration link

Below is an instruction of how to register your i>clicker from UW's i<clicker FAQ page.

“To register your clicker in your LEARN course. You will find a link to the clicker registration page somewhere on the Content tab within the LEARN/D2L course.

Follow the instructions on this registration page to enter your clicker ID number (located on the back of the clicker) into the answer box.

If you replace your clicker then register the new clicker ID number in the same manner as above.

*The clicker ID number is printed on the back of the clicker near the bottom, sometimes in very small type. An example is 12873CAB. Other numbers on the back like T24-RLR13 or 6495A-RLR13 are **not** clicker IDs. Clicker ID numbers sometimes use the numeral 0 (zero) or 1 (one), but never use the capital letter O (Oh) or lowercase letter l (el). Ask a fellow student or your instructor if you can't locate the clicker ID”*

Registration is only needed once. A single registration will work for all your clicker courses and all terms. Your registration on official clicker webpage is NOT going to work for our purposes. Please use the UW internal registration listed above for registering your i>clicker. FAQ for students about clickers can be found on the following link: <http://www.math.uwaterloo.ca/~pkates/CTE/clickers/clicker-student-faq.html#faq-register-what>

iii. Grading Policy

Class participation will begin in the second week of classes on May 9, 2016 and will not include the days of midterms. One class session is considered as one clicker mark, which considers both participation (i.e., how many questions you have answered out of total questions asked for that session) and performance (i.e., how many questions you have answered CORRECTLY out of total questions asked for that session)

Participation with i>clicker will account for 10% of your overall grade for this course. I will drop **five** of the lowest scores (including the ones that you are not attending class, as such with zero mark) to account for special situations and times you forget to bring your clicker to class.

iv. Cheating

I consider bringing a fellow student's i>clicker to class to be cheating and a violation of the **Academic Integrity**. If you are caught with a remote other than your own or have votes in a class that you did not attend, you will forfeit all clicker points and may face additional disciplinary action.

Assignments

Your grade is based on your performance in learning fundamental models and results in international economics and applying them to real world issues. Four problem sets will be assigned. Each will be posted around one week before the due date on LEARN under “quizzes” of the “assessment” tab. No late assignments will be accepted. Feel free to work in groups as problem sets are supposed to be learning experiences. But each student must submit their own assignments online. Copying other students' answers without understanding the material, your exam performance will suffer.

As you will have one week to finish each assignment, being sick for certain period during the week is not an excuse for missing the deadline, unless under special circumstances.

Midterms and Final

The exams will be based on the class lectures. Therefore, attending classes and taking good notes is very important. Exam questions test your knowledge of concepts and ability to work through exercises. The exams have a mixture of multiple choice questions and problems requiring detailed solutions.

The midterms are in class and take the full lecture session, i.e., one hour and 20 minutes.

There are **no deferred or make-up midterm tests**. If you miss the midterm due to illness and have a valid medical documentation, the weight of the midterm will be shifted to the final exam. Otherwise, a mark of zero will be given to the missed test.

The final exam is cumulative and will be scheduled by Registrar's office. Economics Department

Deferred Final Exam Policy can be found at <https://uwaterloo.ca/economics/current-undergraduates/policies-and-resources/deferred-final-exam-policy>

Extra credits might be given in class without notice. The number of extra credits depends on class progress and average performance in midterms.

Tentative Course Outline

*The final delivery of the topics and time below may change due to class ability and interest in the lecture materials.

# of week	Week of	Class Date	Topic categories	Topic	Chapters from the textbook	Midterm and Assignments during the week
1	May 2 to 6, 2016	May 2 (M)	Introduction	Introduction	Chapter 1 and Chapter 2	
		May 4 (W)		International Trade Theory	Labor Productivity and Comparative Advantage: the Ricardian Model	
2	May 9 to 13, 2016	May 9 (M)		Ricardian Model (cont'd)		
		May 11 (W)		Ricardian Model (cont'd)		
3	May 16 to 20, 2016	May 16 (M)		Resources and Trade: the Heckscher-Ohlin Model	Chapter 5	Assignment 1 due by the end of May 22
		May 18 (W)		The Heckscher-Ohlin Model (cont'd)		
4	May 23 to 27, 2016	May 23 (M)		No Class, Victoria Day		
		May 25 (W)		The Heckscher-Ohlin Model (cont'd)		
5	May 30 to June 3, 2016	May 30 (M)		Standard Trade Model	Chapter 6	Midterm 1 in class
		June 1 (W)		No class, Midterm 1 in class		
6	June 6 to June 10, 2016	June 6 (M)		Standard Trade Model	Chapter 7	
		June 8 (W)		External Economies of Scale and the International Location of Production		
7	June 13 to June 17, 2016	June 13 (M)		Firms in the Global Economy: Export Decisions, Outsourcing, and Multinational Enterprises	Chapter 8	Assignment 2 due by the end of June 19
		June 15 (W)		The Instruments of Trade Policy	Chapter 9	
8	June 20 to June 24, 2016	June 20 (M)	International Trade Policy	The Instruments of Trade Policy (Cont'd)	Chapter 10	
		June 22 (W)		The Political Economy of Trade Policy		
9	June 27 to July 1, 2016	June 27 (M)	Exchange Rates and Open Economy Macroeconomics	National Income Accounting and the Balance of Payments	Chapter 13	Assignment 3 due by the end of July 3
		June 29 (W)		Exchange Rates and the Foreign Exchange Market: an Asset Approach	Chapter 14	
10	July 4 to July 8, 2016	July 4 (M)		Exchange Rates and the Foreign Exchange Market: an Asset Approach (cont'd)		Midterm 2 in class
		July 6 (W)		No class, Midterm 2		
11	July 11 to July 15, 2016	July 11 (M)		Money Interest Rates and Exchange Rates and Price levels	Chapter 15 and Chapter 16	
		July 13 (W)		Money Interest Rates and Exchange Rates and Price levels (cont'd)		
12	July 18 to July 22, 2016	July 18 (M)		Exchange Rate Regime and Foreign Exchange Intervention	Chapter 18	Assignment 4 due by the end of July 24
		July 20 (W)		Exchange Rate Regime and Foreign Exchange Intervention (cont'd)		
13	July 25 to July 29, 2016	July 25 (M)		(Make-up class for Victoria Day) Catch up and Final Review		

School policy

Academic Integrity: In order to maintain a culture of academic integrity, members of the University of Waterloo are expected to promote honesty, trust, fairness, respect and responsibility.

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](https://uwaterloo.ca/secretariat-general-counsel/policies-procedures-guidelines/policy-71) (https://uwaterloo.ca/secretariat-general-counsel/policies-procedures-guidelines/policy-71)

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](https://uwaterloo.ca/secretariat-general-counsel/policies-procedures-guidelines/policy-70) (https://uwaterloo.ca/secretariat-general-counsel/policies-procedures-guidelines/policy-70), Section 4.

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](https://uwaterloo.ca/secretariat-general-counsel/policies-procedures-guidelines/policy-72) (https://uwaterloo.ca/secretariat-general-counsel/policies-procedures-guidelines/policy-72).

Other sources of information for students:

[Academic Integrity website \(Arts\)](https://uwaterloo.ca/arts/current-undergraduates/student-support/ethical-behaviour)

https://uwaterloo.ca/arts/current-undergraduates/student-support/ethical-behaviour

[Academic Integrity Office \(UWaterloo\)](https://uwaterloo.ca/academic-integrity/)

https://uwaterloo.ca/academic-integrity/

Accommodation for Students with Disabilities

Note for students with disabilities: The [AccessAbility Services](https://uwaterloo.ca/disability-services) office (https://uwaterloo.ca/disability-services), located on the first floor of the Needles Hall extension (NH 1401), 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 AS office at the beginning of each academic term.