

University of Waterloo

Department of Economics

ECON231: Introduction to International Economics (Section 001)

Winter 2018

Monday, Wednesday & Friday; 12:30pm – 1:20pm; MC 2054

Instructor: Fiona T. Rahman

Office: HH162 **Phone:** 519-888-4567 Ext. 30174

Office Hours: Friday, 10:30am – 12:00noon (Other times by appointment only)

Email: fracman@uwaterloo.ca

Note:

- When sending email, “Econ231” must appear in the subject line and the message must include your full name and student ID number.
- Please use emails for administrative matters only. I will be available during office hours, or by appointment, to discuss course material.

Course Description:

The course provides a broad overview of International Economics with emphasis on International Trade Theory and Policy. The course is organized in three modules. The first module focuses on the theories explaining the patterns of international trade and their empirical relevance. The module also highlights the effects of international trade on income distribution. The second module focuses on trade policies, their rationale and economic consequences. In the third module, we study the foreign exchange market and macroeconomic policy under floating and fixed exchange rate regimes. In this module, we also discuss the international flow of financial assets in the world economy.

Prerequisites: Econ 101, 102.

Required Textbook:

Krugman, R. Paul, Maurice Obstfeld & Marc J. Melitz: International Economics: Theory and Policy, 10th Ed., Pearson Wesley Publishers Limited, 2014.

MyEconLab and study guide that accompany this textbook are optional.

Other References:

- Feenstra, C. Robert & Alan M. Taylor; International Economics, 2nd Ed.,Worth Publishers, 2012
- Salvatore, Dominick; International Economics, 11th Ed., John Wiley & Sons, Inc, 2013

Where to find this course outline:

This course outline is available at two locations for the duration of the term:

- Department of Economics website <http://economics.uwaterloo.ca/courses>
- LEARN web site (requires UW userid and password) <http://learn.uwaterloo.ca>

Readings Available on LEARN

- Lecture overhead slides and/or additional course materials will be posted on the LEARN web site <http://learn.uwaterloo.ca> (1181 ECON231 Winter 2018)
- The LEARN site is down occasionally. Save the course materials to your computer as soon as they are posted. Always be prepared!
- Students writing test and exams are responsible to save course materials on LEARN before the access to their courses is shut off (normally on the first day of classes of the next term).

Course Requirement and Assessment:

The final grade for this course will be based on two midterm exams, an assignment and a final exam, which will be held during the Official Final Examination Schedule. The rooms assigned for the midterm exams will be announced in class and on LEARN. The breakdown is as follows:

Assessment	Date of Evaluation	Weighting
Midterm 1 Chapter 2,3,4 &5	February 12, Monday, 12:30pm -1:15pm	20%
Midterm 2 Chapter 7,8 & 9	March 16, Friday, 12:30pm -1:15pm	20%
Assignment	Due March 26, Monday, In Class	10%
Final Exam (comprehensive)	TBA	50%

Important Notices:

- The penalty for late assignment is 10% of the assignment per day. Students submitting identical assignments will be highly penalized. **Assignment will not be accepted three days after the deadline.**
- **There is no deferred or make-up midterm tests.** If you miss the test due to illness and have a valid medical documentation, then the weight of the test will be shifted to the final exam. Otherwise, a mark of zero will be given to the missed test.
- The final exam will be comprehensive. The date for the final exam is determined by the Registrar's Office. The final exam period for Winter Term 2018 is April 9 to April 24. Students are expected to be available during this time. Travel plans are not acceptable grounds for granting an alternative final examination time.
- To maintain a classroom environment that is conducive to learning, I expect the highest level of courtesy and professional behavior from every student. In particular, be punctual and **turn off all audible ringers on phones and other electronic devices during class.**

Course Outline

Module 1: INTERNATIONAL TRADE THEORY

Chapter 1: Introduction

Chapter 2: World Trade: An Overview

Chapter 3: Labor Productivity and Comparative Advantage: The Ricardian Model

Chapter 4: Specific Factors and Income Distribution

Chapter 5: Resources and Trade: The Heckscher-Ohlin Model

Chapter 7: Economies of Scale and the International Location of Production

Chapter 8: Firms in the Global Economy: export Decisions, Outsourcing, and Multinational Enterprises

Module 2: INTERNATIONAL TRADE POLICY

Chapter 9: The Instruments of Trade Policy

Chapter 10: Political Economy of Trade Policy

Module 3: EXCHANGE RATES and OPEN ECONOMY MACROECONOMICS

Chapter 14: Exchange Rate and Foreign Exchange Market: An Asset Approach

Chapter 15: Money, Interest Rates and Exchange Rates

Time permitting we will discuss current trade issues in the world economy.

Tentative Weekly Schedule:

Week	Topic	Readings
Week 1 Jan 3 & 5	<ul style="list-style-type: none"> • Introduction • World Trade: An Overview 	Chapter 1 & 2
Week 2 Jan 8,10 & 12	<ul style="list-style-type: none"> • World Trade: An Overview • Labor Productivity and Comparative Advantage: The Ricardian Model 	Chapter 2 & 3
Week 3 Jan 15, 17 & 19	<ul style="list-style-type: none"> • Labor Productivity and Comparative Advantage: The Ricardian Model • Specific factors and Income Distribution 	Chapter 3 & 4
Week 4 Jan 22, 24 & 26	<ul style="list-style-type: none"> • Specific factors and Income Distribution • Resources and Trade: The Heckscher Ohlin Model 	Chapter 4 &5
Week 5 Jan 29, 31 & Feb 2	<ul style="list-style-type: none"> • Resources and Trade: The Heckscher Ohlin Model 	Chapter 5
Week 6 Feb 5, 7 & 9	<ul style="list-style-type: none"> • External Economies of Scale and the International Location of Production • Review for midterm 	Chapter 7
Week 7 Feb 12, 14 & 16 Midterm 1: Feb 12	<ul style="list-style-type: none"> • Firms in the Global Economy: Export Decisions, Outsourcing and Multinational Enterprises 	Chapter 8
Week 8 Feb 26, 28 & Mar 2	<ul style="list-style-type: none"> • Firms in the Global Economy: Export Decisions, Outsourcing and Multinational Enterprises • The Instruments of Trade Policy 	Chapter 8 & 9
Week 9 Mar 5, 7 & 9	<ul style="list-style-type: none"> • The Instruments of Trade Policy 	Chapter 9
Week 10 Mar 12, 14 & 16 Midterm 2: March 16	<ul style="list-style-type: none"> • The Political Economy of Trade Policy 	Chapter 10
Week 11 Mar 19, 21 & 23	<ul style="list-style-type: none"> • Exchange Rate and Foreign Exchange Market: An Asset Approach 	Chapter 14
Week 12 Mar 26 & 28 No class on March 30; Good Friday	<ul style="list-style-type: none"> • Money, Interest Rates & Exchange Rates • Assignment Due on March 26 (In class) 	Chapter 15
Week 13 Apr 2 & 4 Friday schedule on Apr 4	<ul style="list-style-type: none"> • Review for Final Exam 	

Examination Policy

Missing a Midterm Due to Illness During the Term

- Missing a midterm will automatically result in a grade of zero for that midterm. If the illness can be documented with a UW Verification of Illness Form (the only acceptable document), with approval you may transfer the weight of the missed midterm to the final exam. This remedy is a privilege and not a right.
- The midterm exam schedule has been set and will not be changed for whatever reason.

Note that the weight for the assignment cannot be transferred towards your final exam if you fail to submit your assignment.

Missing the Final Exam Due to Illness

- Missing the final exam is a very serious matter which automatically results in a grade of zero for the final exam and possibly a failing grade for the course. Please carefully read the Economics Department policy on deferred final exams for instructions. <https://uwaterloo.ca/economics/undergraduate/resources-and-policies/deferred-final-exam-policy>
- No deferred final exam will be provided for students who missed all the exams (including the final exam) in this course.

Fee-Arranged Issues

- Students are responsible for administrative matters concerning their course registration including fee arrangements with the Registrar's Office. No make-up work or other remedies will be given for loss of access to LEARN and academic consequences arising from administrative issues with the Registrar's Office.

Electronic Device Policy

- **THIS IS A HANDHELD-DEVICE-FREE ZONE.**
- Turn off all handheld devices and put them away for the duration of the lecture.
- Laptop computers may only be used to view lecture material.
- Photographic devices are not permitted in class due to copyright and privacy issues.
- Audio or video recording devices are not permitted in class due to copyright and privacy issues.

Attendance Policy

- Class attendance is an integral part of the course. Although attendance is not marked, it is critical for understanding the course material. Students are responsible for all material covered in the course whether they choose to attend classes or not.

Classroom Protocols

- I do NOT lend my lecture notes to students for any reason.
- In order to maintain a learning environment in this classroom, I expect the highest level of courtesy and professional behaviour from every student. In particular, be punctual and turn off all audible ringers on all devices during class.
- As a courtesy to others, no eating in class please. If you have coffee, water, etc., please dispose of your garbage when you leave the classroom.
- No private conversations in class will be tolerated.

Institutional-required statements for undergraduate course outlines approved by Senate Undergraduate Council, April 14, 2009

Academic Integrity

In order to maintain a culture of academic integrity, members of the University of Waterloo community are expected to promote honesty, trust, fairness, respect and responsibility. See the [UWaterloo Academic Integrity Webpage \(https://uwaterloo.ca/academic-integrity/\)](https://uwaterloo.ca/academic-integrity/) and the [Arts Academic Integrity Office Webpage \(http://arts.uwaterloo.ca/current-undergraduates/academic-responsibility\)](http://arts.uwaterloo.ca/current-undergraduates/academic-responsibility) for more information.

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 \(https://uwaterloo.ca/secretariat/policies-procedures-guidelines/policy-70\)](https://uwaterloo.ca/secretariat/policies-procedures-guidelines/policy-70). When in doubt please be certain to contact the department's administrative assistant who will provide further assistance.

Discipline

A student is expected to know what constitutes academic integrity to avoid committing academic offenses and to take responsibility for his/her actions. A student who is unsure whether an action constitutes an offense, or who needs help in learning how to avoid offenses (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. For information on categories of offenses and types of penalties, students should refer to [Policy 71, Student Discipline \(http://www.adm.uwaterloo.ca/infosec/Policies/policy71.htm\)](http://www.adm.uwaterloo.ca/infosec/Policies/policy71.htm).

For typical penalties check [Guidelines for the Assessment of Penalties \(http://www.adm.uwaterloo.ca/infosec/guidelines/penaltyguidelines.htm\)](http://www.adm.uwaterloo.ca/infosec/guidelines/penaltyguidelines.htm).

Appeals

A decision made or penalty imposed under Policy 70, Student Petitions and Grievances (other than a petition) or Policy 71, Student Discipline may be appealed if there is a ground. A student who believes he/she has a ground for an appeal should refer to [Policy 72, Student Appeals \(http://www.adm.uwaterloo.ca/infosec/Policies/policy72.htm\)](http://www.adm.uwaterloo.ca/infosec/Policies/policy72.htm).

Note for Students with Disabilities

The AccessAbility Services (AS) Office, located in Needles Hall, Room 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.

Mental Health Support

All of us need a support system. The faculty and staff in Arts encourage students to seek out mental health supports if they are needed.

On Campus

- Counselling Services: counselling.services@uwaterloo.ca / 519-888-4567 xt 32655
- MATES: one-to-one peer support program offered by Federation of Students (FEDS) and Counselling Services
- Health Services Emergency service: located across the creek from Student Life Centre

Off campus, 24/7

- Good2Talk: Free confidential help line for post-secondary students. Phone: 1-866-925-5454
- Grand River Hospital: Emergency care for mental health crisis. Phone: 519-749-433 ext. 6880
- Here 24/7: Mental Health and Crisis Service Team. Phone: 1-844-437-3247
- OK2BME: set of support services for lesbian, gay, bisexual, transgender or questioning teens in Waterloo. Phone: 519-884-0000 extension 213

Full details can be found online at the Faculty of ARTS website

- Download UWaterloo and regional mental health resources (PDF) https://uwaterloo.ca/arts/sites/ca.arts/files/uploads/files/counselling_services_overview_002.pdf
- Download the WatSafe app (<https://uwaterloo.ca/watsafe/>) to your phone to quickly access mental health support information

Territorial Acknowledgement

We acknowledge that we are living and working on the traditional territory of the Attawandaron (also known as Neutral), Anishinaabe and Haudenosaunee peoples. The University of Waterloo is situated on the Haldimand Tract, the land promised to the Six Nations that includes six miles on each side of the Grand River.

For more information about the purpose of territorial acknowledgements, please see the CAUT Guide to Acknowledging Traditional Territory (PDF).