

University of Waterloo
Department of Economics – Fall 2017
Econ 231: Introduction to International Economics (Section 001)
Monday, Wednesday & Friday – 01:30-02:20 p.m. – RCH 110

Instructor and T.A. Information

Instructor: Zara Liaqat
Office: Room 162, Hagey Hall
Office Hours: Monday – 09:30-11:00 a.m.
Email: zliaqat@uwaterloo.ca

T.A. Information to be announced in class.

Note:

- (a) When sending an email, “Econ 231” must appear in the subject line and the message must include your full name and student ID number.
- (b) Please use emails for administrative matters only. I will be available during office hours, or by appointment, to discuss course material.

Course Description

This course introduces the key concepts of international trade and finance. We will develop models that allow us to analyze whether there are gains from trade, the determinants behind the patterns of trade, the implications of trade for domestic and foreign economic conditions, and how governments can manipulate the patterns of trade. In the second part of the course, we study the foreign exchange markets and discuss the international flow of financial assets in the world economy. In addition, we will examine trade institutions and discuss articles from the popular press.

Course Webpage

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

- (a) Department of Economics website <https://uwaterloo.ca/economics/>
- (b) LEARN website <http://learn.uwaterloo.ca/> (use WatIAM/Quest username and password)

Required Text

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

[Occasional supplementary readings from the popular press will also be posted.]

Prerequisites

Econ 101 and 102

Readings Available on LEARN

- Lecture overhead slides and/or additional course material will be posted on the LEARN website <http://learn.uwaterloo.ca>.
- 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 Requirements and Assessment

The course grade will be based on two midterm exams and a final exam which will be held during the Official 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 (if known)	Weighting
Midterm Exam 1	Friday, October 13th, 2017 (In Class)	25%
Midterm Exam 2	Monday, November 13th, 2017 (In Class)	25%
Final Exam (Comprehensive)	TBA	50%
Total		100%

- Participation is recommended and it will be rewarded through **bonus marks of up to five percentage points (5%)** that will be added to the students' final grade. Participation will be monitored through the online tool **Learning Catalytics** (see section below). The primary purpose of this tool in this class is to enhance the feedback mechanism between students and the instructor so that we can identify areas that may require special focus.
- The date and time for the final exam will be set by the Registrar during the exam period and announced in class and on LEARN.
- Examinations in this course are based on the material contained in the assigned textbook readings and presented as lecture contents. You will be expected to use simple algebra, interpret and manipulate graphs, and think abstractly about issues and policies.
- Attend all the lectures and actively participate in class. Studying just from the lectures slides is not a substitute of attending lectures. Attendance is an important component in ensuring your complete understanding of the material presented. You are responsible for all material presented in the scheduled lecture periods whether you choose to attend lectures or not.
- Read the textbook and other assigned readings and go through your lecture notes. Some of the materials covered during lectures may NOT be available in lecture slides.
- Work out all optional assignments and practice questions in the textbook and on the textbook's website. These are meant for helping you prepare for the exams.

Course Outline

Part 1: International Trade Theory

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: External Economies of Scale and International Location of Production

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

Part 2: International Trade Policy

Chapter 9: The Instruments of Trade Policy

Chapter 10: The Political Economy of Trade Policy

Part 3: Exchange Rates and Open-Economy Macroeconomics

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

Chapter 15: Money, Interest Rates and Exchange Rates

Tentative Class Schedule

Week	Topic	Readings Due
1	Course presentation & World Trade: An Overview	Chapter 2 Article: "East India Companies"
2	Labor Productivity and Comparative Advantage: The Ricardian Model	Chapter 3 Article: "Why Trade is Good"
3	Specific Factors and Income Distribution	Chapter 4 Article: "Finding Your Niche"
4	Resources and Trade: The H-O Model	Chapter 5 Article: "Shrinking Surplus"
5	The H-O Model	Chapter 5 Article: "Falling World Trade"
6	Midterm Exam 1 – (Chapters 2, 3 & 4)	October 13, 2017 Friday – In class exam
6	External Economies of Scale and International Location of Production	Chapter 7 Article: "Cheap and Cheerful"
7	Firms in Global Economy: Export Decisions, Outsourcing and Multinational Enterprises	Chapter 8 Article: "Krugman's conundrum"
8	The Instruments of Trade Policy	Chapter 9 Articles: "Why Brexit is grim news" & "World turning its back on trade"
9	The Political Economy of Trade Policy	Chapter 10 Articles: "Boeing vs Airbus", "Doha Round.. and round" & "Race-to-bottom"
10	Midterm Exam 2 – (Chapters 5, 7, 8 & 9)	November 13, 2017 Monday – In class exam
10	Exchange Rates and Foreign Exchange Market: An Asset Approach	Chapter 14 Article: "Canadian Loonie"
11	Money, Interest Rates and Exchange Rates	Chapter 15 Article: "South Africa resists rate rise"
12	Money, Interest Rates and Exchange Rates / Review	Chapter 15 Article: "Inside the Bitcoin economy"

Learning Catalytics

Included with the purchase of a new text is a subscription to Learning Catalytics (through MyEconLab), which is a web based student response system - please bring a smart device (laptop, tablet, or smart phone) or a text-capable cell phone to class.

If you do not have a new text or code to MyEconLab, codes can be purchased separately through the bookstore as it is the cheapest option - \$17.25 CDN for 12 months. Through the Learning Catalytics website the cost is \$12 USD (6 months) or \$20 USD (12 months).

To register please visit www.MyEconLab.com. Please refer to the step-by-step login document for detailed instructions. If you do not have a MyEconLab code, and you purchased Learning Catalytics on its own, please go directly to www.LearningCatalytics.com to register. Under the Training & Support tab, you will find helpful information including technical support. Please email the Rep Kyle if you need anything at all - kyle.monotiuk@pearsoned.com.

Electronic Device Policy

- Turn off all cell phone communication devices and put them away for the duration of the lecture.
- Photographic devices are not permitted in class; this is a university regulation.
- No private conversations in class will be tolerated; in order to maintain a learning environment in this classroom, I expect the highest level of courtesy and professional behaviour from every student.

Examination Policy

- Failure to write an exam results in a grade of zero. Exceptions will only be made under the most extreme circumstances, with a written note, and according to the policies of the department of economics and faculty of Arts.
- Students must report to me the reasons for not writing an exam prior to the exam date or immediately after the exam for my approval.
- Travel plans are not an acceptable reason for requesting an alternative final exam. See <http://www.registrar.uwaterloo.ca/exams/finalexams.html> for details.

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.
- Students are advised to notify the instructor in person about the missed exam as soon as they feel better. Email notification about the missed exam is not accepted.
- You must write at least one midterm to pass the course.
- Midterms will not be rescheduled under any circumstances.

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.
- No deferred final exam will be provided for students who missed all the exams (including the final exam) in this course.
- It is the responsibility of students to ensure that they write exams in the location, date, and time assigned to their sections. Students writing exams in the wrong section are considered not writing exams at all and will receive a zero mark.

Institutional-required statements for undergraduate course outlines

Economics Department Deferred Final Exam Policy

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

Cross-listed course

Please note that a cross-listed course will count in all respective averages no matter under which rubric it has been taken. For example, a PHIL/PSCI cross-list will count in a Philosophy major average, even if the course was taken under the Political Science rubric.

Academic Integrity

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, 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.

Fee-Arranged Issues

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

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 \(PDF\)](#)

Download the [WatSafe app](#) 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 \(PDF\)](#).