

# **ECONOMICS 2167A-001**

## **INTERNATIONAL ECONOMICS**

Department of Economics  
Western University

DesmondMcKeon

Fall 2017

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Course website: see OWL.

Classroom meeting time and location: TH: 7:00-10:00 SH 3345

Office Hours: Wednesday and Friday 11:30 -12:30

Undergraduate Inquiries: 519-661-3507 SSC Room 4075 or [econugrd@uwo.ca](mailto:econugrd@uwo.ca)

### **Registration**

You are responsible for ensuring you are registered in the correct courses. If you are not registered in this course, the Department will not release your marks until your registration is corrected. You may check your timetable by using the Login on the Student Services website at <https://student.uwo.ca>. If you notice a problem, please contact your faculty academic counsellor right away.

### **Prerequisite:**

The prerequisites for this course are Economics 1021A/B and 1022A/B, or Economics 2001A/B.  
**Antirequisites:** Economics 2163a/b and/or 2164a/b.

You are responsible for ensuring that you have successfully completed all course prerequisites, and that you have not taken an antirequisite course. Lack of prerequisites may not be used as a basis for appeal. If you are found to be ineligible for a course, you may be removed from it at any time and you will receive no adjustment to your fees. This decision cannot be appealed.

If you find that you do not have the course prerequisites, it is in your best interest to drop the course well before the end of the add/drop period. Your prompt attention to this matter will not only help protect your academic record, but will ensure that **spaces become available for students who require the course in question for graduation.**

### **Course Objective**

This course is divided into two parts; i) international trade and ii) international finance. International trade deals with the basis of trade between countries, the patterns of trade that evolve, the terms of trade and the gains that are garnered from trade. In order to explore these topics, a survey of the major trade theories will be discussed as well as the trade “policies” that nations implement. The international finance part of the course will consist of topics concerned with exchange rate determination and macroeconomic policy under different exchange rate regimes. We will also discuss the international flow of financial assets in the world economy.

Throughout the course examples from past and current issues will be used to illustrate topics. The main focus will be on how international trade and finance are related to the management of the international enterprise.

### **Learning Outcomes**

- Building on the principles of comparative advantage, students will learn how differences in resource and factor endowments can lead to gains from trade.
- Students will analyze the effects of immigration and foreign direct investment on economies.
- Using models of imperfect competition, students will analyze why trade is beneficial even when countries produce the same products.
- Students will learn to evaluate the effects of tariffs and other impediments to trade.
- Students will use models of foreign exchange determination to explain currency fluctuations.
- Students will examine the evolution of current exchange rate regimes.

### **Course Materials**

Textbook *Essentials of International Economics*, Feenstra Robert and Alan Taylor, Worth Publishers 2012

There will also be a course website.

This site is a supplemental tool and should **not be regarded as a substitute for lectures.**

On the course website you will find posted material such as answers to some (not all) problems, questions for review and supplementary readings.

**THESE READINGS ARE SUBJECT TO EXAMINATION.**

All **class material** is subject to examination regardless of whether it is referred to or not on the website or in the textbook.

## **Evaluation**

The course grade will be based on two midterm tests and a final exam. The midterms are modular and the final is comprehensive. The material for all tests and exams consists of the topics covered in the text (see below), any assigned readings and the material covered in the lectures. Some of the topics covered in the lectures, including problems done in class, may not appear in the text. Students are reminded that they are responsible for this material.

The distribution of the marks is as follows:

|            |     |
|------------|-----|
| Midterm I  | 25% |
| Midterm II | 25% |
| Final      | 50% |

Dates:

Midterm I Oct 5 time and place posted on OWL

Midterm II Nov 9 time and place posted on OWL

Final set by the registrar

## **Course Outline**

### **Part I International Trade Theory**

|  |              |
|--|--------------|
| The Ricardian Model                      | Chapter 2    |
| The Specific Factors Model               | Chapter 3    |
| The Heckscher-Ohlin Model                | Chapter 4    |
| Migration of Labour and Capital Mobility | Chapter 5    |
| Imperfect competition and Trade          | Chapter 6    |
| Tariffs and Quotas                       | Chapter 7, 8 |
| International Trade Agreements           | Chapter 9    |

### **Part II International Finance**

|   |                |
|---|----------------|
| Exchange Rate Determination:<br>The Monetary Approach | Chapter 10, 11 |
| Exchange Rate Determination:<br>The Asset Approach    | Chapter 12     |
| The Balance of Payments                               | Chapter 13     |
| Open Economy Macroeconomic Policy                     | Chapter 14     |

Fixed versus Flexible exchange regimes

TBA

**PLEASE NOTE** ----the above list of topics and chapters is **tentative**. Deletions and additions, as well as the sequence of topics, may change as the course progresses. It is incumbent on course participants to be aware of these changes. Absence from class will not be accepted as an excuse for not knowing about any changes.

**Photography in Class** – Please do not use smart phones to take pictures of slides or other material during class.

**Please Note**  
Department Policies for 2017 – 2018

Remember that the University expects all students to take responsibility for their own academic Programs. Also remember to check your registration to make sure you are enrolled in the correct courses.

1. Guidelines and policies for the Faculty of Social Science and the Department of Economics are posted online in the current Western Academic Calendar at <http://westerncalendar.uwo.ca>.
2. Students must familiarize themselves with the “Rules of Conduct for Examinations” <http://westerncalendar.uwo.ca/2017/pg136.html>.
3. **Cheating as an academic offence:** Students are responsible for understanding what it means to “cheat”. The Department of Economics treats cheating incidents very seriously and will investigate any suspect behavior. Students found guilty will incur penalties that could include a failing grade or being barred from future registration in other economics courses or programs. The University may impose further penalties such as a notation on your official academic transcript, suspension or expulsion.
4. **Plagiarism:** Students must write their essays and assignments in their own words. Whenever students take an idea or a passage from another author, they must acknowledge it by using quotation marks where appropriate and referencing with footnotes or citations. Plagiarism is a major academic offence (see Scholastic Offence Policy in the current UWO Academic Calendar at <http://westerncalendar.uwo.ca/2017/pg113.html>).

The University of Western Ontario uses software to check for plagiarism and students may be required to submit their written work in electronic form. Those found guilty will have penalties imposed as noted in point 3.

5. It is Department of Economics policy that **NO** assignments be dated, stamped or accepted by staff. Students are responsible for submitting assignments in class or to the instructor during office hours.
6. When appealing a mark, students should refer to the University’s Procedures in the current UWO Academic Calendar (<http://westerncalendar.uwo.ca/2017/pg112.html>). Please note the relevant deadlines.

The Department will not consider any appeal unless an attempt has been made to settle the matter first with your instructor. If after this discussion you remain dissatisfied with a grade or other decision, you may proceed with a written appeal (e-mails are not acceptable) to the Undergraduate Director in Economics, stating the reasons for your appeal. A useful form and checklist is provided at ([http://economics.uwo.ca/undergraduate/program\\_counselling/responsibilities\\_policies.html#appeals](http://economics.uwo.ca/undergraduate/program_counselling/responsibilities_policies.html#appeals)).

7. Systematic adjustments of a class grade distribution (either up or down) can occur in Economics courses. The fact that grades have been adjusted is **not** grounds for an appeal.
8. Note the following add and drop deadlines:

|   |  |
|---|--|
| Last day to <b>add</b> a <b>1<sup>st</sup></b> term half course:<br><b>Friday, September 15<sup>th</sup>, 2017</b>                        | Last day to <b>add</b> a <b>2<sup>nd</sup></b> term half course:<br><b>Tuesday, January 16<sup>th</sup>, 2018</b>                        |
| Last day to <b>drop</b> <b>1<sup>st</sup></b> term half course without academic penalty:<br><b>Monday, November 13<sup>th</sup>, 2017</b> | Last day to <b>drop</b> <b>2<sup>nd</sup></b> term half course without academic penalty:<br><b>Wednesday, March 7<sup>th</sup>, 2018</b> |
9. Faculty of Social Science policy states that oversleeping or misreading an exam schedule is not an excuse for a make-up. This rule applies to all mid-term tests and final exams in the Department of Economics.

### **Policy Regarding Makeup Tests and Final Examinations**

*Academic accommodation will **not** be granted automatically on request. You **must** demonstrate by documentation that there are **compelling** medical or compassionate grounds before academic accommodation will be considered.*

If you decide to write a test or an examination, you must be prepared to accept the mark you earn. Rewriting tests or examinations, or having the value of the test or examination reweighted on a retroactive basis, is **not** permitted. Book airline flights after you know the dates of your final examinations. Airline flights must not conflict with test or final exams.

If you are requesting a makeup test for a midterm or a final examination, unless medically incapable, notify your instructor by email or phone, preferably prior to the scheduled date of the test, but definitely within **24 hours** of the date of the test or exam. Failure to follow this procedure may result in denial of a request for academic accommodation or result in a grade of zero. Set up an appointment as soon as possible to meet personally with your instructor. If the instructor is not available, you may send an email message, copying the Undergraduate Coordinator at [econugrd@uwo.ca](mailto:econugrd@uwo.ca) (Social Science Room 4075). **Notifying your instructor of a missed test or exam does not automatically entitle you to a makeup test.**

Students who seek a makeup test or examination must provide medical or other relevant verification that their absence from a regularly scheduled test or examination is beyond their control. Documentation must support your reasons. Medical documentation should be given to the Academic Counselling Office of your *home* Faculty **as soon as possible (preferably within 24 hours of the test)** if you know you may not be able to write your final examination on the scheduled day and time. Failure to follow this procedure, or to provide supporting documentation, may result in denial of a request for academic accommodation or result in a grade of zero. If your documentation is not acceptable, you will be given a zero for the missed test.

For personal illness, if you consult Student Health Services regarding your illness or personal problem, you should request a Student Medical Certificate from the physician. If you were seen by an off-campus doctor, obtain a certificate from his/her office at the time of your visit. The off-campus medical certificate form must be used and can be found at: [http://www.uwo.ca/univsec/pdf/academic\\_policies/appeals/medicalform.pdf](http://www.uwo.ca/univsec/pdf/academic_policies/appeals/medicalform.pdf). Notes stating "For Medical Reasons" are not considered sufficient.

For any other circumstances, if you are not sure what documentation to provide, ask your Academic Counsellor. If your documentation is judged sufficient, the Academic Counsellor will issue a Recommendation for a Special Examination (a single form for midterms or a triple color form for final examinations). Once you have this form, contact your instructor as soon as possible to make arrangements. Even if approved from your home faculty Academic Counsellor, there is no guarantee that you will be allowed to write the makeup test and exam.

For final examinations, you need permission from your *home* Faculty Counsellor, your instructor, and the Department Undergraduate Director. Failure to follow this procedure may result in an examination grade of zero. You must ensure that the Special Examination form has been signed by the instructor and Department Undergraduate Director and that the form is returned to the Academic Counselling Office for approval without delay. Make-up final examinations, if permitted, will be written within one month of the end of the exam period.

### **Policies Regarding Academic Accommodation**

Information about the Faculty of Social Science's policies regarding academic accommodation is found on its website at <http://counselling.ssc.uwo.ca/procedures/havingproblems.asp> or in Social Science Room 2105. Your "Academic Rights and Responsibilities" are also outlined in the current UWO Calendar at <http://westerncalendar.uwo.ca/2017/pg111.html>. Claiming that "you didn't know what to do" is not an acceptable excuse for not following the stated procedures.

### **Policy Regarding Class Attendance**

If your instructor views your class attendance as unsatisfactory, you can be prohibited from writing the final examination. If there is intent to make use of this University policy, you will be notified in writing.

### **Statement on Mental Health and Support Services**

If you or someone you know is experiencing emotional/mental distress, there are several resources here at Western to assist you. Please visit <http://www.uwo.ca/uwocom/mentalhealth/> for more information and a complete list of resources, as well as how to obtain help.