

**INTERNATIONAL ECONOMICS**  
**ECONOMICS EC2167A-001**  
Department of Economics  
Western University

September 2019

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**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 any of 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 home Faculty Academic Counsellor immediately.

**Prerequisite Note:**

The prerequisite(s) for this course is (are) **Economics 1021A/B and Economics 1022A/B, or Economics 2001A/B**

*Prerequisite(s) for your course can be found in the Western Calendar at:*

<http://westerncalendar.uwo.ca/Courses.cfm?Subject=ECONOMIC&SelectedCalendar=Live&ArchiveID>

You are responsible for ensuring that you have successfully completed all course prerequisites, and that you have not taken any anti-requisite courses. 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 Objectives:**

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.

### **Course 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.

### **Textbook(s):**

Textbook *Essentials of International Economics*, Feenstra Robert and Alan Taylor, Worth Publishers 2014

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.

### **Grading:**

The distribution of the marks is as follows:

Midterm I	25%
Midterm II	25%
Final	50%

Dates:

Midterm 1	Sept 26 class time and location posted on OWL
Midterm II	Oct 31 class time and location posted on OWL
Final	set by the registrar

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.

## **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: The Monetary Approach	Chapter 10, 11
Exchange Rate Determination: The Asset Approach	Chapter 12
The Balance of Payments	Chapter 13
Open Economy Macroeconomic Policy	Chapter 14
Fixed versus Flexible exchange regimes	Chapter 15 and class notes

**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.

**No makeup tests will be given.** When students are officially excused to miss a test, the weight of the missed test will be reallocated to the final exam. This is **the only method** of accommodation for missed tests that will be used in this course.

### **Copyright:**

Lectures and course materials, including power point presentations, outlines, and similar materials, are protected by copyright. Students may take notes and make copies of course materials for their own educational purposes. Students may not record lectures, reproduce (or allow others to reproduce), post or distribute lecture notes, wiki material, and other course materials publicly and/or for commercial purposes without written consent.

**Please Note**  
**Department Policies for 2019-2020**

Remember that the University expects all students to take responsibility for their own Academic Programs. Students should also check their registration to ensure they 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://www.uwo.ca/univsec/pdf/academic\\_policies/exam/administration.pdf](http://www.uwo.ca/univsec/pdf/academic_policies/exam/administration.pdf).
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 an official academic transcript, suspension or expulsion.
4. **Plagiarism:** Students must write their essays and assignments in their own words. When taking an idea/passage from another author, it must be acknowledged with quotation marks where appropriate and referenced with footnotes or citations. Plagiarism is an academic offence (see Scholastic Discipline for Undergraduate Students in the Western Calendar at [http://westerncalendar.uwo.ca/PolicyPages.cfm?Command=showCategory&PolicyCategoryID=1&SelectedCalendar=Live&ArchiveID=#Page\\_20](http://westerncalendar.uwo.ca/PolicyPages.cfm?Command=showCategory&PolicyCategoryID=1&SelectedCalendar=Live&ArchiveID=#Page_20)).

Western University uses software to check for plagiarism and students may be required to electronically submit their work. Those found guilty will be penalized as noted in point 3.

5. It is a Department of Economics policy that **NO** assignments be dated, stamped or accepted by staff. Students must submit assignments in class or to the instructor during office hours.
6. When appealing a mark, students should refer to the Student Academic Appeals section in the current Western Academic Calendar at:  
[http://westerncalendar.uwo.ca/PolicyPages.cfm?Command=showCategory&PolicyCategoryID=1&SelectedCalendar=Live&ArchiveID=#Page\\_14](http://westerncalendar.uwo.ca/PolicyPages.cfm?Command=showCategory&PolicyCategoryID=1&SelectedCalendar=Live&ArchiveID=#Page_14)  
Please note the relevant deadlines.

The Department will not consider an appeal unless an attempt has been made to settle the matter with the instructor first. Students who remain dissatisfied with the outcome may proceed with a written appeal (e-mails are not acceptable) to the Undergraduate Director in Economics, stating the reasons for their appeal. A 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:  

Deadline to <u>add</u> a first term half course:	<b>Wednesday September 13, 2019</b>
Deadline to <u>drop</u> a first term half course:	<b>Tuesday November 12, 2019</b>
9. Faculty of Social Science policy states that oversleeping or misreading an exam schedule is NOT grounds for a makeup. This rule applies to midterm and final exams in the Department of Economics.

### **Policy on Tests, Final Exams and on Missed Academic Responsibilities**

Students who proceed to write a test or examination must be prepared to accept the mark. Rewriting tests or examinations, or retroactive reweighting of marks, is **not** permitted. Students must book travel arrangements AFTER final exam dates have been posted; travel is not an acceptable excuse for absence from a final exam.

Students who are temporarily unable to meet academic requirements due to extenuating circumstances can follow Western University procedures to request academic consideration through the following routes:

- a) Submit a Self-Reported Absence form if the conditions for submission are met (e.g., only for exams or assessments worth 30% or less of the course mark; not applicable to final exams; maximum 2 self-reported absences per academic year; see [link](#) for full list of conditions and info).

If the conditions for submission of a Self-Reported Absence form are not met, then:

- b) For medical absences, submit a Student Medical Certificate (SMC) signed by a licensed medical or mental health practitioner along with a request for academic consideration to Academic Counselling in the student's home Faculty (see [link](#) for full info) ; or
- c) For non-medical absences (e.g., religious or compassionate), submit appropriate documentation to Academic Counselling in the student's home Faculty (see [link](#) for full info).

It is strongly recommended that students notify their instructors as soon as possible. University policy is that students **must** communicate with their instructors no later than **24 hours** after the end of the period covered by either the self-reported absence or SMC, or immediately upon their return following a documented absence. Failure to follow University policy and procedures may result in denial of academic accommodation and a grade of zero. Students should also set up an appointment to meet with their instructor as soon as possible. If the instructor is not available, send an email message, copying the Undergraduate Coordinator at [econugrd@uwo.ca](mailto:econugrd@uwo.ca).

Note: Academic consideration is not normally intended for long-term, recurring absences, an existing disability, or high levels of stress related to academic performance. In such cases, students should consult their academic counsellor. See [link](#) for full information. In all cases, if the documentation submitted to request academic consideration is not acceptable, students will receive a grade of zero for the missed test, exam, or assignment.

**For full information about Western University’s policies and procedures for student absences and requests for academic consideration, please visit this [link](#).**

### **Policies Regarding Academic Accommodation**

The Faculty of Social Science’s policies regarding academic accommodation is found at [http://counselling.ssc.uwo.ca/procedures/having\\_problems/index.html](http://counselling.ssc.uwo.ca/procedures/having_problems/index.html). “Academic Rights and Responsibilities” are also outlined in the Western Calendar at <http://westerncalendar.uwo.ca/PolicyPages.cfm?PolicyCategoryID=1&command=showCategory&SelectedCalendar=Live&ArchiveID=>. 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 the instructor deems a student’s class attendance as unsatisfactory, that student may be prohibited from writing the final examination. If there is intent to make use of this University policy, the student will be notified in writing.

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

Students under emotional/mental distress should visit [http://uwo.ca/health/mental\\_wellbeing/](http://uwo.ca/health/mental_wellbeing/) for more information and a complete list of resources on how to obtain help.