**Macroeconomic Theory II (ECO 305)**

**Monsoon Semester 2019**

**Class Days: Tuesdays and Thursdays**

**Course Pre-requisites:** ECO-2101 (Microeconomic Theory I), ECO-2201 (Macroeconomic Theory I)

**Course Overview:**

This is an elective course for all Economics Majors.

The purpose of this course is to provide students with a thorough grounding in the theory of international trade as well as international trade policy. The class lectures aim to educate students with prominent theories of international trade, such as the Ricardian Model, the Heckscher-Ohlin Model, to name a few. We would look at the role of firms and market structure to understand trade patterns. We hope to understand the conduct of trade policy and its economic implications for different countries.

**Learning Outcomes:**

* Theories of trade
* Empirical facts on international trade patterns
* Applications of trade policy

**Required Course Material:**

* Krugman, Paul, Maurice Obstfeld, and Marc Melitz. International Trade: Theory and Policy. 11th edition

Students should have a hard or soft copy of the textbook. They should be able to do all end-of-chapter questions. Other books you can lookup are

* Robert C Feenstra, and Alan M Taylor. International Trade. 4th edition
* Krugman, Paul. Pop Internationalism. MIT Press, 1997.
* Irwin, Douglas. Free Trade Under Fire. Princeton University Press, 2015.

**Evaluation:**

Student grades have three components: final exam (35% weightage), midterm (35%) and assignments (30%).

Final exam is a 100 marks, 2.5 hours assessment on the entire syllabus. Students should exhibit expertise in initial topics and in-depth knowledge of the latter ones discussed in the course.

Midterm exam is a 100 marks, 1.5 hours assessment on the syllabus. Students should exhibit expertise in initial topics and in-depth knowledge of the latter ones discussed in the course.

There would be six assignments in the semester. The assignments can be submitted in groups of two. There would a penalty of 50% if two assignments are found very similar copies of each other. We believe that unless some student literally shares their assignment sheets, no two assignments can be alike. Students are encouraged to discuss their ideas and even tricks to solve problems with each other. However, sharing the assignment document is deeply frowned upon.

The instructor does not entertain marks obsession. As is the Ashoka grading scheme:

* A letter grade = outstanding. Students know the mathematical techniques and have the ability to apply them in novel problems.
* B letter grade = good. Students have expertise in most of the mathematical techniques taught in the course. They may lack creativity in problem solving but are well trained to do well in any mathematical or applied course.
* C letter grade = adequate. Student knows enough. If s/he tries to revise the course content, s/he shall do well in any application of the course content.
* D letter grade = barely satisfactory. Student knows little. S/he requires guidance and then s/he would be able to apply the courses’ concepts.
* F letter grade = unsatisfactory. Student knows less than 40% of the course content. S/he has not achieved the minimum standards for this course.

**Course map:**

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| Lecture | Title | Book |
| 27 Aug | Stylized Facts on International Trade | Chapter 1, Feenstra and TaylorChapters 1 - 2, Krugman et al |
| 2 classes | The Ricardian Model | Chapter 3, Krugman et al |
| 2 classes | Specific Factors Model | Chapter 4, Krugman et al |
| 2 classes | Heckscher Ohlin Model | Chapter 5, Krugman et al |
| 2 classes | Standard Trade Model | Chapter 6, Krugman et al |
| 1 class | Catchup |  |
| 17 Oct | Midterm |  |
| 2 classes | Economies of Scale | Chapter 7, Krugman et al |
| 2 classes | Firms in Global Economy | Chapter 8, Krugman et al |
| 2 classes | Popular Readings | Irwin, Rodrik, Stiglitz |
| 2 classes | Instruments of Trade Policy | Chapter 9, Krugman et al |
| 2 classes | Political Economy of Trade Policy  | Chapter 10, Krugman et al |
| 2 classes | Trade Policy in Developing Countries | Chapter 11, Krugman et al |
|  | Controversies in Trade Policy | Chapter 12, Krugman et al |
| (25 days in all) | Final Exam  |  |

**Course Rules:**

1. The central objective of the course is to learn intuition in economic concepts and write on economics. To achieve this goal, students are encouraged to solve end of the chapter questions.
2. You will be shared an online Excel sheet titled “International Trade – Summer 2019”. It will record individual performances and attendance. It is your task to track it.
3. Students missing more than 7 classes would get one grade point cut. Absences related to medical emergencies or those related to out of campus travel for purposes of representing Ashoka shall be excused. I shall entertain such requests only after OAA has first verified and approved the absences.
4. If students are late in entering the class by more than 5 minutes, they would be marked absent. Late submissions would not be graded.
5. There shall be no repeats if you miss the midterm. In case of absenteeism due to medical emergency or extra-curricular activities where a student represents Ashoka, you shall be given retests.
6. You would be asked to leave the class if you are found accessing non-course related material. Social media is not, in any way, related to my course.
7. You would be asked to leave the class if you are found walking around the class. Toilet or food breaks are not allowed in class.
8. There is zero tolerance for accessing resource materials in final exams or during midterm. If you are found, you will get an automatic F in the course.

**How to Succeed in This Class:**

* Solve end of the chapter questions
* Attend classes
* If you have any difficulty with the homework, or if you have any questions about the material, please don’t hesitate to come to office hours. If you can’t make regular office hours, feel free to make an appointment with me.

**Special Accommodation & Support:**

Ashoka University offers an inclusive education framework that welcomes, nurtures and supports students with learning difficulties. The Office of Learning Support (OLS) has been established at the University to design various activities related to the management of such learning difficulties. Students are welcome to request learning support for their specific condition and the university will make its best efforts to extend as much support as possible for each course. The university is geared to support learning difficulties due to Dyslexia, Dyscalculia, Dysgraphia, ADD/ADHD, and visual impairment.

Contact the OLS for any additional information you may seek to better understand the process and scope of their support services at ols@ashoka.edu.in

In addition to the OLS, there is also an on-campus counselling center at Ashoka University which is dedicated to the care and well-being of mental health of the Ashoka fraternity. It is comprised of trained therapists who offer a range of services. Email: well.being@ashoka.edu.in

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