

**OSTİM TECHNICAL UNIVERSITY  
FACULTY OF ECONOMICS AND ADMINISTRATIVE SCIENCES**

**COURSE SYLLABUS FORM  
2022-2023 Spring**

<b>ECON 303 International Economics-I</b>							
<b>Course Name</b>	<b>Course Code</b>	<b>Period</b>	<b>Hours</b>	<b>Application</b>	<b>Laboratory</b>	<b>Credit</b>	<b>ECTS</b>
International Economics II	ECON 304	6	3	0	0	3	6

<b>Language of Instruction</b>	English
<b>Course Status</b>	Compulsory
<b>Course Level</b>	Bachelor
<b>Learning and Teaching Techniques of the Course</b>	Lecture, Question-Answer, Problem Solving
<b>Class Time/Classroom</b>	Monday 15:00-17:50
<b>Instructor</b>	Assoc. Prof. Dr. Bahar Erdal
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<b>Office Hours</b>	By e-mail
<b>Teaching Assistants</b>	(If Applicable) Huzeyfe Erkam Candan ( <a href="mailto:huzeyfe.candan@ostimteknik.edu.tr">huzeyfe.candan@ostimteknik.edu.tr</a> ) Office Hours: By e-mail

**Course Objective**

The aim of this course is to the analyse the basic concepts of international monetary analysis or international finance. International monetary analysis focuses on the monetary side of the international economy. The role of changing exchange rates is at the center of international economics. Exchange rates are important because they enable us to translate different countries' prices into comparable terms. At the beginning of the 21<sup>st</sup> century, nations are more closely linked through trade in goods and services in other economies than ever before. In this respect, international trade and thereby exchange rates gained importance all over the world. So, this course provides an understanding of international finance by concentrating on exchange rates, foreign exchange market, parity conditions, international monetary system, international financial markets and balance of payments.

**Learning Outcomes**

The students who become successful in this course will be able;

- to master the basic concepts of international finance,
- to have a basic understanding of exchange rates,
- to learn about foreign exchange markets and international financial markets,
- to understand behaviour of major decision makers, i.e., consumers, traders and government,
- to learn the dynamics of open economy,
- to have an idea about international monetary system,
- to learn about balance of payments.

### Course Outline

This course starts with the definition and types of foreign exchange rate. Then, functions, characteristics and participants of foreign exchange markets are examined. Next, the law of one price and purchasing power parity are explained. Then the short-run equilibrium for an open economy is examined. Next, the international monetary system from past to present is explained in detail. Next, international financial markets are explained. Next, the basic concepts of balance of payments are explained.

### Weekly Topics and Related Preparation Studies

Weeks	Topics	Preparation Studies
1-2	Exchange Rates and the Foreign Exchange Market: An Asset Approach(Krugman and Obstfeld, Chapter 14)	<ul style="list-style-type: none"> <li>- Exchange rates and international transactions</li> <li>- The foreign exchange market</li> <li>-The demand for foreign currency assets</li> <li>-Equilibrium in the foreign exchange market</li> </ul>
3	Money, interest rates and exchange rates (Krugman, Obstfeld and Melitz (Chapter 15)	<ul style="list-style-type: none"> <li>-The money supply and the exchange rate in the short-run</li> <li>-Money, the price level and the exchange rate in the long-run</li> <li>- Inflation and exchange rate dynamics</li> </ul>
4-5	Price Levels and exchange rates in the long-run (Krugman, Obstfeld and Melitz Chapter 16)	<ul style="list-style-type: none"> <li>- The law of one price</li> <li>- Purchasing power parity (PPP)</li> <li>- A long-run exchange rate model based on PPP</li> <li>- Empirical evidence on PPP and the law of one price</li> <li>- Explaining the problems with PPP</li> </ul>
6	Output and the exchange rate in the short-run (Krugman, Obstfeld and Melitz, Chapter 17)	<ul style="list-style-type: none"> <li>- Determinants of aggregate demand in an open economy</li> <li>- Output market equilibrium in the short-run</li> <li>- Asset market equilibrium in the short-run</li> <li>- Short-run equilibrium for an open economy</li> <li>- Temporary changes in monetary and fiscal policy</li> <li>- Macroeconomic policies and the current account</li> </ul>
<b>7</b>	<b>MIDTERM EXAM</b>	
8-9	Fixed exchange rates and foreign exchange intervention (Krugman, Obstfeld and Melitz, Chapter 18)	<ul style="list-style-type: none"> <li>-Why study fixed exchange rates?</li> <li>-The central bank intervention and the money supply</li> <li>-How the central bank fixed the exchange rate</li> <li>-Stabilization policies with a fixed exchange rate</li> <li>-Managed floating and sterilized intervention</li> <li>-Reserve currencies in the world monetary system</li> <li>-The Gold standard</li> </ul>
10-11	International monetary systems:an historical overview (Krugman, Obstfeld and Melitz, Chapter 19)	<ul style="list-style-type: none"> <li>- Macroeconomic policy goals in an open economy</li> <li>- Classifying monetary systems</li> <li>- International macroeconomic policy under the Gold standard</li> <li>- The Bretton Woods system and International Monetary Fund (IMF)</li> <li>- The floating exchange rate regime</li> </ul>
12	Financial Globalization: Opportunity and crisis (Krugman, Obstfeld and Melitz, Chapter 20)	<ul style="list-style-type: none"> <li>-The international capital market and gains from trade</li> <li>- International market and international capital market</li> <li>- The challenge of regulating international banking</li> </ul>
13	National income accounting and the balance of paymeynts (Krugman, Obstfeld and Melitz, Chapter 13)	<ul style="list-style-type: none"> <li>-National income accounting for an open economy</li> <li>-The balance of payments</li> </ul>
<b>14</b>	<b>FINAL EXAM</b>	

**Textbook(s)/References/Materials:**

**MAIN TEXTBOOK:** Paul R. Krugman and Maurice Obstfeld (2022), International Economics, Theory and Policy Global Edition (12<sup>th</sup> Edition); Pearson.

**SUPPLEMENTAL TEXTBOOK:** Dennis R. Appleyard and Alfred J. Field (2017) International Economics (9<sup>th</sup> Edition), Mc Graw Hill.

<b>Assessment</b>		
<b>Studies</b>	<b>Number</b>	<b>Contribution margin (%)</b>
Attendance		
Lab		
Class participation and performance		
Field Study		
Course-Specific Internship (if any)		
Quizzes / Studio / Critical		
Homework		
Presentation		
Projects		
Report		
Seminar		
<b>Midterm Exam/Midterm Jury</b>	1	40
<b>General Exam / Final Jury</b>	1	60
	<b>Total</b>	<b>100</b>
<b>Success Grade Contribution of Semester Studies</b>		
<b>Success Grade Contribution of End of Term</b>		
	<b>Total</b>	<b>100</b>

<b>ECTS / Workload Table</b>			
<b>Activities</b>	<b>Number</b>	<b>Duration (Hours)</b>	<b>Total Workload</b>
<b>Course hours (Including the exam week): 16 x total course hours)</b>	16	3	48
Laboratory			
Application			
Course-Specific Internship			
Field Study			
<b>Study Time Out of Class</b>	16	2	32
Presentation / Seminar Preparation			
Projects			
Reports			
Homeworks			
Quizzes / Studio Review			
Preparation Time for Midterm Exams / Midterm Jury	1	40	40
Preparation Period for the Final Exam / General Jury	1	50	50
	<b>Total Workload</b>	<b>(170/30 =5.67)</b>	<b>170</b>

Course' Contribution Level to Learning Outcomes						
	Learning Outcomes	Contribution Level				
		1	2	3	4	5
LO1	to master the basic concepts of international finance					X
LO2	to have a basic understanding of exchange rates					X
LO3	to learn about foreign exchange markets and international financial markets					X
LO4	to understand behaviour of major decision makers, i.e., consumers, traders and government					X
LO5	to learn the dynamics of open economy					X
LO6	to have an idea about international monetary system					X
LO7	to learn about balance of payments					X

**Relationship Between Course Learning Outcomes and Program Competencies (Department of Economics)**

Nu	Program Competencies	Learning Outcomes							Total Effect (1-5)
		LO1	LO2	LO3	LO4	LO5	LO6	LO7	
1	Know the basic concepts used in economics, the relations between concepts, economic theories, the functioning mechanisms of the economy and the development processes of economies over time.	x		x		x	x	x	5
2	Know how to obtain economic data and the research methods for processing and evaluating the obtained data by using various computer programs when necessary.	x	x		x		x		4
3	Follow current developments in national and international macroeconomic conjuncture and world economic relations and can suggest economic policies to be used in case of economic problems.	x				x	x		5
4	Acquire the capacity to conduct individual research on the field, interpret the results, and compare them with theoretical propositions.	x		x	x		x		5
5	Scrutinize and interpret all kinds of knowledge in the field of economics, including theoretical and statistical information, through analysis within the framework of cause-effect relationships.	x			x	x	x	x	5
6	Present solutions and opinions about the problems analyzed by supporting them with qualitative and quantitative data, use an analytical language, and support the used approach with visual and graphical materials.	x	x	x	x	x	x	x	5
7	Gain advanced skills in software and programming languages that assist analysis in the econometric field and can adapt to new software and	x			x		x		4

	programming languages								
8	Support the acquired theoretical knowledge of economics with econometric and statistical calculations, analyze and evaluate phenomenon using software and programming languages within the framework of analytical thinking.	x			x		x		4
9	Develop the ability to analyze unexpected and complex problems to be encountered during professional practice, can take responsibility as an individual or team member for solving the problem, and take initiative when necessary.	x		x	x		x	x	3
10	Develop critical thinking and produce solutions on policy issues by adapting the theoretical and analytical knowledge to different conceptual frameworks.	x	x	x	x	x	x	x	5
11	Exhibit approaches that will adapt to the speed of globalization, innovations and technological developments.	x	x	x	x	x	x	x	5
12	Having an entrepreneurial spirit, develop original and innovative ideas, solution proposals and assume responsibility.	x			x		x		4
13	Pay maximum attention to social responsibilities, ethical sensitivities and legal framework in theoretical and practical studies.	x			x			x	4
14	Communicate with peers, colleagues, co-workers, employees and managers with common sense, empathy and situational awareness.	x						x	4
15	Communicate effectively with colleagues, senior managers and the market, both in mother tongue and in at least one foreign language (English).	x						x	4
<b>Total Effect</b>									<b>66</b>

#### Policies and Procedures

**Web page:** <https://www.ostimteknik.edu.tr/economics-752>

**Exams:** The exams aim at assessing various dimensions of learning: knowledge of concepts and theories and the ability to apply this knowledge to real world phenomenon by analysing the real situation, finding problems and suggesting solutions.

The written exams can be of two types, ie. open-ended questions, which can also be in the form of problems or multiple-choice questions.

Exams are composed of a final exam comprising 60% of the student's grade and a mid-term comprising 40 % of the student's grade.

The Department of Economics does not tolerate any act of academic dishonesty. Examinations are individual and must be completed without any outside assistance. Students who attempt to cheat during exams will receive a failing grade from that exam. The case could also be carried to the Dean's Office for additional disciplinary action.

**Assignments:** The assignments (if any) could be in the form of homeworks or paper writing. A paper must include 1- Abstract 2- Introduction, 3- Literature review 4- Research Method, 5- Findings and Discussion 6- Conclusion.

Scientific Research Ethic Rules are very important while preparing assignments. The students should be careful about citing any material used from outside sources and reference them appropriately. The students must not adopt "cut-copy-paste" behavior from the sources in the internet or use the contents of any type of previous work in their assignments. Plagiarism is unethical behavior and is subject to disciplinary action.

**Missed exams:** Any student missing an exam needs to bring an official medical report to be able to take a make-up exam.

**Projects:** The projects (if are a part of the course requirements) could be performed either individually or in groups, without engaging in plagiarism.

**Attendance:** Attendance requirements are announced at the beginning of the term. Student are usually expected to attend at least 70% of the classes during each term.

**Objections:** If the student observes a material error in his/her grade, he/she has the right to place an objection to the Faculty or the Department. The claim is examined and the student is notified about its outcome.