



**MARMARA UNIVERSITY
THE DEPARTMENT OF ECONOMICS**

**ECO 462
International Monetary Economics II
Spring 2005**

Yrd. Doç. Dr. M. Nedim Süalp

COURSE OUTLINE

Textbooks

Dornbusch, R., *Open Economy Macroeconomics*, Basic Books, International Publishers, New York, 1980.

Rivera-Batiz, F. and Rivera-Batiz, L. A., *International Finance and Open Economy Macroeconomics*, MacMillan Publishing Company, New York, 1994.

Additional course material will be provided during the course of the year.

Course Description

The purpose of the course is to provide the students with tools that help us understand how an open economy to the world trade and international capital movements operates. Based upon the theoretical models developed by different schools of thought, fiscal and monetary policy instruments will be analyzed in terms of their effectiveness under different exchange rate regimes and degrees of capital movements.

The students should be aware that this course is a continuation of “**International Monetary Economics I**” taught in Fall 2004 as well as an integration of all the material, knowledge and information covered in Microeconomics, Macroeconomics, Monetary Theory, Banking and Monetary Policies, International Trade, Econometrics and some additional topics. So the students are expected to have a good background in all mentioned areas (in case you have forgotten?!!!!). In addition to the course material, you **should** also, at least, follow the discussions in newspapers on Turkish Economy and the World Economy (and I mean it!!).

The textbooks are the ones given above. Some additional and supplementary reading materials (both required and recommended) will be provided when necessary during the course of the year.

Evaluation

You may be given some quizzes (the dates of which will not be announced in advance). There will be some homework assignments as well. The assignments will be,

strictly, due to certain dates (you will be informed in advance) and **not be accepted** at a later date. The quiz and homework grades will be incorporated into your midterm and final grades such that, in the overall evaluation, the quiz and homework grades will have 35 – 40 % weights. Note that, in the exams, you may come across with the questions from these assignments.

I wish you a very successful and hard-working year. Good luck!

Approximate Course Schedule

The approximate course schedule is as the following (till Midterm):

- March 3, 2005 : Review of the First Term Topics
- March 10, 2005 : Production, Prices and Unemployment in the Open Economy
Dornbusch, R., Ch. 7 (pp. 119-127,132-141), Ch. 8 (pp. 143-156);
(B&B), Ch. 16.
Production, Prices and Unemployment in the Open Economy
- March 17, 2005 : (Continues)
Dornbusch, R., Ch. 7 (pp. 119-127,132-141), Ch. 8 (pp. 143-156);
(B&B), Ch. 16.
- March 24, 2005 : Prices, Output and Stagflation Under Flexible Exchange Rates
Dornbusch, R., Ch. 11 (pp. 193-202), Ch. 12 (pp. 226-234);
(B&B), Ch. 17.
- March 31, 2005 : Expectations, Inflation and Business Cycles
(The Anatomy of Inflation)
Dornbusch, R., Ch. 12 (pp. 226-234);
(B&B), Ch. 18.
- Apr. 7, 2005 : The Monetary Approach to Balance of Payments
(B&B), Ch. 20.
Asset Markets and Exchange Rate Determination
Dornbusch, R., Ch. 13, Ch. 14;
(B&B), Ch. 19;
- Apr. 22, 2005 : **Midterm**