



## International Finance - ECON 345

Spring 2022

**Instructor:** İnci Gümüş  
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**Office Hours:** Online by appointment

**Lectures:** Tuesday 8:40-9:30, online  
Thursday 14:40-16:30, FASS 1076-1078

**Zoom link for lectures:** <https://sabanciuniv.zoom.us/j/96727970121>

**Recitation:** Tuesday 17:40-18:30, online

**Zoom link for recitations:** <https://sabanciuniv.zoom.us/j/91356997550>

**Teaching Assistant:** Berna Kötehne (Email: [bernakotehne@sabanciuniv.edu](mailto:bernakotehne@sabanciuniv.edu))

Office hours: Online by appointment

### Course Description:

In this course, we will study the basic concepts, tools and facts needed for the macroeconomic analysis of open economies, and to understand the functioning of international financial markets. We will start by relating the basic concepts of national income accounting and the balance of payments. Then we will examine the relationship between interest rates and exchange rates, which we will use for understanding the interaction of monetary policy and exchange rates. We will develop a framework to study the behavior of prices, interest rates, nominal and real exchange rates and output in the short and the long run. We will then apply this framework to analyze issues that are of current interest such as the causes and consequences of financial crises, relative merits of alternative exchange rate regimes and international capital flows.

**Textbook:** Paul R. Krugman and Maurice Obstfeld, *International Economics: Theory and Policy*, Pearson Addison Wesley, 11th edition.

**Grading:** Midterm: 45%  
Final: 55%

**Midterm date:** April 21, during the lecture hours

**Final exam date:** Will be set and announced by the Student Resources

## Course Requirements and Rules of Conduct

- Teaching format:
  - The course will be taught in a hybrid format with in-class and online hours as listed on the previous page.
  - The online lectures will only be delivered through Zoom while in-class lectures will be simultaneously delivered in class and through Zoom.
  - All lectures will be recorded and shared on SuCourse+.
- *Attendance to lectures, in-class or online, is expected.* Students are responsible for all of the material covered during the lectures. Lecture notes will not be posted on the course website.
- Recitation sessions will be online and *will not be held every week.* In the weeks that will have a recitation, it will be announced by email.
- Problem sets will be given to help with the course material but they will not be collected and graded. They will be solved in the recitations and you are urged to work on them before they are solved in the recitations.
- Exam policy:
  - All exams will be in-person, on campus.
  - The final exam will be held during the final exam period and the exact date is determined by the Student Resources.
  - Make-up exams are granted only in case of a valid and documented reason. In case of an illness, this has to be verified and reported by the University Health Center.
- The course grade is solely based on the grading scheme stated in the syllabus. There will be no exceptions to this (like doing additional assignments, writing a term paper, taking an additional exam etc.) under any circumstances.
- All the online content will be posted on the course website, which is available on SUCourse+.
- The definition for scholastic dishonesty is given in the rules and regulations of the Sabanci University. Cheating during exams will result in a course grade of F. All incidents of scholastic dishonesty will be reported to the Dean's Office and will lead to disciplinary action.
- The syllabus is subject to change depending on changing circumstances and the regulations of the Higher Council of Education (YÖK). Students will be notified prior to any changes.

## Course Outline

1. National Income Accounting and the Balance of Payments (Chapter 13)
2. Exchange Rates and the Foreign Exchange Market: An Asset Approach (Chapter 14)
3. Money, Interest Rates, and Exchange Rates (Chapter 15)
4. Price Levels and the Exchange Rate in the Long Run (Chapter 16)
5. Output and the Exchange Rate in the Short Run (Chapter 17)
6. Fixed versus Floating Exchange Rates (Chapters 18, 19)