

Antalya Bilim University
School of Business and Social Sciences, Department of Economics

ECON 1306 International Economics II
(ECON 3108 Foreign Trade)
Spring, 2025

Class time: Friday (14:00 – 16:50) **Place:** BG-03
Office hours: Tuesday – after the lecture

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Welcome to International Economics II. This course offers an in-depth exploration of the complex dynamics driving the global economy, with a focus on trade policies, exchange rates, and international monetary systems.

Throughout our journey, we'll delve into the multifaceted realm of international trade policy. We'll analyze the instruments and mechanisms nations employ to regulate their trade relations, from tariffs to quotas, and explore their implications for domestic industries and global commerce.

Building upon this foundation, we'll examine the political economy of trade policy, considering the interplay between domestic interests, international negotiations, and geopolitical factors. We'll also explore the unique challenges and opportunities facing developing countries in navigating trade policy, aiming to uncover strategies for fostering economic growth and development.

As we navigate the nuances of trade policy, we'll confront controversies and debates surrounding globalization, protectionism, and free trade agreements. Through critical analysis, we'll seek to understand the diverse perspectives shaping contemporary discourse on international trade.

Shifting focus, we'll explore national income accounting and balance of payments, essential for understanding a nation's economic performance on the global stage. We'll then delve into exchange rates and foreign exchange markets, unraveling the mechanisms driving currency valuation and exchange rate fluctuations.

After midterm exam, we'll examine the intricate linkages between money, interest rates, and exchange rates, exploring how monetary policy influences currency dynamics. We'll also analyze the short-run implications of output fluctuations on exchange rates, as well as the challenges associated with fixed exchange rate regimes and foreign exchange intervention.

Our exploration will culminate with an examination of the international monetary system, financial globalization, and the concept of optimum currency areas. Additionally, we'll scrutinize the evolution and implications of the Eurozone, providing insights into the complexities of regional monetary integration.

By the end of this course, students will emerge equipped with a comprehensive understanding of the key principles, theories, and debates shaping international economics. Moreover, they will possess the analytical tools and insights necessary to navigate the intricacies of global economic dynamics and policy challenges.

Course book:

- Thomas Pugel, International Economics-McGraw-Hill Education (2019)
- Krugman, Paul R., Melitz, Marc J., Obstfeld, Maurice - International Trade: Theory and Policy-Pearson (2018)

Recommended readings:

- Krugman, Paul R., Melitz, Marc J., Obstfeld, Maurice - International Economics: Theory and Policy-Pearson (2018)

- Krugman, Paul R., Melitz, Marc J., Obstfeld, Maurice - International Trade: Theory and Policy- Pearson (2018)
- Dominick Salvatore, International Economics, Wiley (2019)
- James Gerber, International economics, Pearson (2018)

Developing Graduate Attributes

Students will be encouraged to develop the following graduate attributes by undertaking the course activities and mastering the course contents. These attributes will be assessed within the assessment tasks:

- skills involved in scholarly enquiry;
- an in-depth engagement with the international economics disciplinary knowledge;
- the capacity for analytical and critical thinking;
- the ability to engage in independent and reflective learning.

Academic Honesty and Plagiarism

Exams are closed books and closed notes. No books, records, cell phones or any other material may be used or consulted during the exams. ABU has a strict honor code to ensure the academic integrity. Any student caught cheating will receive a grade of F for the course, and student affairs will be notified to pursue further action.

Plagiarism is using the words or ideas of others and presenting them as your own. Plagiarism is a type of intellectual theft. It can take many forms, from deliberate cheating to accidentally copying from a source without acknowledgement. Although plagiarism is well established in Turkish educational system, you will be punished heavily if you are caught do it.

Assessment Criteria:

- **Midterm (40%):** Students are responsible for all class material covered until the midterm exam.
- **Final Exam (60%):** This exam is cumulative and will cover all units and topics studied throughout the course. However, the emphasis of the final exam will be on those topics covered after the midterm.

Course Schedule

- **WEEK 1:** Introduction
- **WEEK 2:** The Instruments of Trade Policy
- **WEEK 3:** The Political Economy of Trade Policy
- **WEEK 4:** Trade Policies in Developing Countries
- **WEEK 5:** Controversies in Trade Policy
- **WEEK 6:** National Income Accounting and Balance of Payments
- **WEEK 7:** Exchange Rates and Foreign Exchange Markets
- **WEEK 8: MIDTERM EXAM**
- **WEEK 9:** Money, Interest Rates and Exchange Rates
- **WEEK 10:** Output and Exchange Rate in the Short-run
- **WEEK 11:** Fixed Exchange Rates and Foreign Exchange Intervention
- **WEEK 12:** International Monetary System
- **WEEK 13:** Financial Globalization
- **WEEK 14:** Optimum Currency Areas and the Euro
- **WEEK 15:** Class Discussion and Review