

Semester	VIII
Paper Code	C4EC230811
Paper Title	Open Economy Macroeconomics
No. of Credits	6
Theory/Practical/Composite	Theory
No. of periods assigned	4 Theory
Minimum No. of preparatory hours per week a student has to devote	6 Theory
Course description/objective	<p>The objective is to</p> <ol style="list-style-type: none"> 1. Analyze the extended Mundell-Fleming model 2. Apply the extended model to the two-country case 3. Study exchange rate dynamics 4. Analyze economic growth in an open economy 5. Study the working of dependent economies 6. Study the features of speculative attacks and currency crises.
Syllabus	<p>Module 1: Mundell-Fleming model with Supply-side and two-country extensions (35 marks)</p> <ol style="list-style-type: none"> 1. Extended Mundell-Fleming Model - introducing the supply-side, working under fixed and flexible exchange rate with different degrees of capital mobility, policy analysis, extensions to two countries 2. Dornbusch overshooting model <p>(No. of classes per week: 2)</p> <p>Module 2: Monetary Theory (35 marks)</p> <ol style="list-style-type: none"> 1. Growth, Balance of payments and exchange rate. 2. Dependent economy models 3. Speculative attack and currency crisis <p>(No. of classes per week: 2)</p>
Readings	<ol style="list-style-type: none"> 1. Ben Heijdra: Fundamentals of Modern Macroeconomics 2. Giancarlo Gandolfo: International trade theory and policy, Springer 3. Jagdish N. Bhagwati, T. N. Srinivasan and Arvind Panagariya, Lectures on International Trade, MIT Press, 1998 4. Paul Krugman, Rethinking International Trade, 1994, MIT press. 5. P. Krugman and M. Obstfeld International Economics(8thEdition); Pearson Education 6. R. Jones, R. Caves and J. Frenkel (CJF), World Trade and Payments, 4th edition, 7. Dornbusch, Rudiger: Open Economy Macroeconomics 8. Savno, Lucio and Taylor M P: The economics of exchange rate. 9. Terra Christina: Principles of international finance and open economy macroeconomics.
Evaluation	<p>Continuous Internal Assessment: 30 marks</p> <p>End- Semester Theory Examination: 70 marks</p>

Paper Structure or End Semester	Module	No. of Questions to be Answered	No. of Alternatives	Marks
	Module 1	3	4	5 x 3 = 15
		2	3	10 x 2 = 20
	Module 2	3	4	5 x 3 = 15
		2	3	10 x 2 = 20
	Total Marks			70