

IR/PS Compact Course — Summer 2014

International Monetary Relations

August 1, 2014

Instructor: Marc-Andreas Muendler
Office: Economics 312
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Classroom: Gardner Room, IR/PS
Class Times: MonWedFri 10:00a-12:00p & 1:00p-3:00p; TueThu 8:30a-10:30a
Final Exam: Fri 4:00p-6:00p
Course Web Page: econ.ucsd.edu/muendler/teach/14x/irps
Section ID -

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1 Course Objectives

This compact course examines the macroeconomy and its short-run adjustments in an international setting. The course covers the exchange rate and the current account, and relates their determination to world currency markets and the domestic macroeconomy. The course discusses macroeconomic stabilization policies and their effects under different exchange rate regimes—ranging from floating rates to fixed rates to monetary unions—, and presents implications for the current account and the economy as a whole.

2 Prerequisites

IR/PS admission.

3 Readings

Lecture notes become available online at econ.ucsd.edu/muendler/teach/14x/irps before each class.

Select textbook chapters: Muendler (2014)/Ch. 1, 14 and 20

Select excerpts from the forthcoming textbook Muendler (2014)/Ch. 1, 14 and 20 will be available as printouts from IR/PS.

4 Assessment

There will be one final exam after the last class. The exam will take 120 minutes (no extra time). The final exam will contain twelve 10-minute questions.

The final exam will take place at IR/PS but it will be similar to a take-home exam in that it is an “open book” exam. You can bring any course or outside material with you to the exam. However, you are not allowed to collaborate with a class mate or any other person, in person or online. Principles of academic honesty will be strictly applied.

To prepare you for the style of exam questions, the last 20 to 30 minutes of every class from the second lecture on will be dedicated to an exam-like question.

5 Class Schedule

1. **Mon, August 4 (10a-12p):** Introduction to Open-economy Macroeconomics and Exchange Rates (Muendler 2014/Ch. 1 and 14)
 2. **Mon, August 4 (1p-3p):** An Asset Approach to the Exchange Rate
 3. **Tue, August 5 (8.30a-10.30a):** A Monetary Approach to the Exchange Rate
 4. **Wed, August 6 (10a-12p):** Monetary Policy and Exchange Rate Determination
 5. **Wed, August 6 (1p-3p):** Purchasing Power Parity and the Monetary Approach
 6. **Thu, August 7 (8.30a-10.30a):** Flexible Exchange Rates and Output in the Short Term (Muendler 2014/Ch. 20)
 7. **Fri, August 8 (10a-12p):** Policy under Floating Exchange Rates (Muendler 2014/Ch. 20)
 8. **Fri, August 8 (1p-3p):** Policy under Managed Exchange Rates
- Fri, August 8 (4p-6p):** FINAL EXAM (120 minutes)

References

MUENDLER, M.-A. (2014): “The Economics of Globalization,” University of California, San Diego, unpublished textbook manuscript.