

0. Exam and resit dates:
<http://www.rug.nl/let/voorzieningen/bureaustudentzaken/Roosters/index>

1. Title: International Monetary Relations
Course unit code: LYX081B05
Degree programme: International Relations and International Organization
Study phase: Bachelor's phase
Course unit type: Major
Lecturer(s): dr. Gregory Fuller

2. Number of ECTS credit points:

5 ECTS

3. Entry requirements

Admittance to second year IRIO

4. Description of content

International Monetary Relations covers one of the most basic and crucial elements of international economics: in order for trade or investment to cross borders, money must be moved from one locale to another. This course is about how and why this takes place – as well as what problems might arise from such international capital mobility. Key themes to be covered include the evolution of the global monetary system, exchange rates, the spread of financial crises, and the effectiveness of macroeconomic policy in an interdependent world. Crucially, students will also develop a functioning understanding of the balance of payments between nations – the ultimate record of money flowing in and out of an economy.

5. Literature

The compulsory literature for the course consists of the following textbook:

1. Pugel, T.A., "International Economics", 14th-16th eds., McGraw-Hill Irwin, Boston, 2012-2016.

Note that this is the same book used for International Trade Theory and Policy. There will also be several supplementary book chapters assigned, some of which have links in this document; others will be distributed nearer the date they are assigned.

6. Competences to be developed

This course unit focuses on the development of the following competences, as stated in the degree profile:

1. Knowledge and understanding of the theories and models of international economics
2. Ability to apply knowledge, understanding and skills to the systematic and critical evaluation of a wide variety of concepts, ideas and data and to the identification and analysis of complex problems and issues

7. Learning outcomes of the course unit

In this course unit students will learn to:

1. Evaluate the condition of an economy through an analysis of the balance of payments
2. Explain the movement of exchange rates and critically assess arguments for both floating and fixed exchange rate regimes
3. Contrast the different international monetary regimes which have prevailed since the start of the 20th century
4. Use a basic open-economy macroeconomic framework to evaluate the impact of policies and shocks on countries operating in an internationalized and interdependent context.

8. Assessment method(s) and assessment procedure

Learning outcomes are assessed as follows:

- Balance of Payments Assignment (30%)
 - There will be one paper assignment over the first half of the block. The goal of this assignment is for students to conduct an analysis of a country's balance of payments – using a country of their choosing. More details on this assignment are available (on the Student Portal) in the assignment document. **The assignment is due May 19.**
 - Assignments may be completed in groups of 2 or 3. Students opting to work in groups must only hand in one paper for the group. All students will receive the same grade unless unforeseen circumstances arrive.
 - More details are provided in a separate assignment sheet.
- Problem Set (10%)
 - There will be one problem set assigned toward the end of the semester, focusing on developing students' abilities to translate economic ideas from concepts to graphs. These assignments will take several hours to complete. The problem set is due on **June 2** and will primarily cover the material from weeks 6 and 7.
 - Problem sets may also be completed in groups of 2 or 3. Students opting to work in groups must only hand in one problem set for the group. All students will receive the same grade unless unforeseen circumstances arrive.
- Final Exam (60%)
 - The final exam will take the form of multiple choice and open questions covering the material taught throughout the course. A practice exam will be provided on the Student Portal

I prefer assignments to be handed in, on paper. However, I will accept submissions of both assignments by email until midnight of the day they are due.

Regular attendance in both lectures and seminars is also expected. For logistical reasons, attendance will only be kept in seminars. Everyone is permitted to miss one seminar; missing two seminars warrants a warning. **Anyone missing three seminars will be deemed to have abandoned the course and will be un-enrolled. The same rules apply to anyone who does not complete either the BoP Assignment or the Problem Set. Keeping up with the work is a requirement of participating in the course. Yes, these rules apply even if you took and failed the course last year!**

9. Learning and teaching strategies or methods

Learning Outcomes 1-4 are realized as follows:

- Weekly lectures and reading will provide students provide passive coverage of the main course material. This is supplemented through more active engagement with the ideas presented during tutorial sessions. Each tutorial will include one set of questions / problems which the students and lecturer will work through together.
- One written assignment and one problem set, to allow students to demonstrate their achievement of the learning outcomes in an open format
- Ultimately, achievement of the learning outcomes is assessed through a final exam, consisting of both multiple choice and open-answer questions.

10. Position of the course unit in the degree programme

International Monetary Relations is a course unit in the second year of the Bachelor's degree program in International Relations and International Organization. It concentrates on developing students' understanding of the global economy as a whole. This is the first half of the International Economics cycle, completed with International Trade Theory and Policy, taken in the third year.

11. Weekly programme

Week 1: The Balance of Payments (THURSDAY, 20/4 @ 9am)

- Pugel, Chapter 16

Week 2: The Foreign Exchange Market

- Pugel, Chapters 17-19

Week 3: Foreign Exchange Policy

- Pugel, Chapters 20 and 25
- Walter, Stephanie, "Private Actor Exchange Rate Policy Preferences," in Oatley and Winecoff, eds, *Handbook of International Political Economy of Monetary Relations* (Cheltenham: Edward Elgar Publishing, 2014), pp.169-184.
- Bearce, David H. "Domestic Institutions and Exchange Rates," in Oatley and Winecoff, eds, *Handbook of International Political Economy of Monetary Relations* (Cheltenham: Edward Elgar Publishing, 2014), pp.185-200.

NB: Both chapters available here when on University network:

<https://www.elgaronline.com/view/9780857938367.xml>

Week 4: Evolution of the International Monetary System

- Eichengreen, Barry, "Hegemonic Stability Theories of the International Monetary System," in Frieden, Lake, and Broz, eds., *International Political Economy*, 5th ed (New York: W. W. Norton, 2010), pp 246-272. (original version: <http://www.nber.org/papers/w2193>)
- Helleiner, Eric, "The Evolution of the International Monetary and Financial System," in Ravenhill, ed., *Global Political Economy*, 2nd ed (Oxford: Oxford University Press, 2008), pp 214-240 (DISTRIBUTION TBD)

Week 5: Financial Crisis and Contagion

- Pugel, Chapter 21
- Minsky, Hyman, “The Financial Instability Hypothesis,” Levy Institute Working Paper 74 (1992). (<http://www.levyinstitute.org/pubs/wp74.pdf>)
- Jones, Erik and Gregory W. Fuller, “Europe and the Global Economic Crisis,” in Erik Jones and Ronald Tiersky, eds., *Europe Today* 5th ed. (New York: Rowman and Littlefield, 2015), pp. 343-368 (*DISTRIBUTION TBD*)

May 19: BoP Papers Due

Week 6: Open Economy Macroeconomics, Part I

- Pugel, Chapters 22-24

Week 7: Open Economy Macroeconomics, Part II

- No new readings; review previous week’s readings and lecture

June 2: Problem Set Due / BoP Resits Due

June 9: Problem Set Resits Due

12. Breakdown of workload

5 ECTS = 140 Hours

- Attendance of lectures = $7 \times 2 = 14$ hours
- Attendance of tutorials = $7 \times 2 = 14$ hours
- Preparation of assignments = 40 hours
- Attendance of exams = 3 hours
- Preparation of exams = ± 450 pages / 6.5 pages per hour = 70 Hours

13. Assessment requirements

To pass the course, a student must have scored a minimum of 55 points (out of 100) and pass all three course components, including seminar attendance. To take part in the final exam a student must receive a passing grade on both of their assignment and problem set. **Failing to hand in either the BoP assignment or the problem set will result in being unenrolled in the course.**

Essentially, you should plan on handing in all assignments – and taking all assessments – on time. If you cannot do so, it is essential to let me know as soon as possible. I try to enforce a “tough but fair” policy on deadlines and grading: if there’s been an emergency or some sort of personal issue, we can work together on a solution.

14. Availability of lecturer(s)

Name	EMAIL Address	Room	Office time
Greg Fuller	g.w.fuller@rug.nl	1312.0516 (Harmonie)	Mon 12pm-3pm Thurs 1pm-5pm Appointments and walk-ins welcome at other times
Martin Uebele	m.uebele@rug.nl	1312.0516 (Harmonie)	By appointment
Peter Foldvari	p.foldvari@rug.nl	TBD	By appointment