

International Money and Banking: Introduction

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Autumn 2023

What Is This Module About?

The module will have three parts.

1 Central Banks and the Banking System (Five Weeks)

How banks operate and why they play an important role in the economy; what central banks are and how they create money; introducing the Federal Reserve and the ECB; how and why banking crises occur; policies to prevent and deal with banking crises; micro-prudential and macro-prudential banking regulation.

2 Monetary Policy (Four Weeks)

Monetarism and the relationship between money and inflation; how the Fed and ECB control short-term interest rates; the term structure of interest rates; asset prices; default risk and collateral; quantitative easing; the Phillips curve, inflation and supply shocks; central bank institutions; rules for setting interest rates.

3 Exchange Rate Regimes and the Euro (Two Weeks)

The trade-off between control of interest rates and exchange rates; instability of pegged exchange rates; sudden stop crises; European monetary union; the euro crisis and developments since.

About Me

- What are my qualifications for teaching the module?
- I spent 11 years working as an economist in central banks:
 - ▶ 1996-2002 at the Federal Reserve Board in Washington DC.
 - ▶ 2002-2007 at the Central Bank of Ireland, regularly involved with the European Central Bank in Frankfurt.
- Since 2009, I have been a member of an expert panel of advisers to the European Parliament's Committee on Economic and Monetary Affairs in relation to its Monetary Dialogue with the ECB (its quarterly meetings with the ECB President.) You can find the briefing papers I write for the committee on my website, www.karlwhelan.com.
- I have also given presentations and written papers and blog posts on issues related to central banks and the banking sector. You can find this material on my website. I will use some of my own articles and presentations in the class as we go along.

How the Module Works

- Lectures will be on Tuesdays at 11am in L023 in the Sutherland building and Thursdays at 1pm in C-H2.22SCH in the Science Hub.
- However, there will be no lectures during the Social Science Reading Week, which is the week starting October 31.
- The main course materials will be my lecture notes, available as PDF files on Brightspace. The notes will be posted at least one week prior to the lectures.
- I will also regularly refer to papers, speeches and data sources and will provide links to these materials on Brightspace. These are mainly supplementary material to give you the chance to dig into topics in more detail should you wish.
- I will provide regular updates throughout the term on the final exam.

How the Module Will Work: Assessment

Your final grade will be based on two components.

- 1 **Weekly MCQs (30%):** There will be weekly short MCQ tests to be taken online in Brightspace. They will be posted on the Friday of each week and you will have until the following Friday to complete them. I will drop your two lowest scoring tests from your score. Answers will be provided at the start of subsequent live lectures.
- 2 **In-Person Closed Book Final Exam (70%):** This will have three sections:
 - ▶ Section A (40 points): This will have a choice of different short discussion questions where you are asked to briefly explain an important aspect of the course. You will be asked to pick 4 questions from 8.
 - ▶ Section B (40 points): This section will contain some longer essay-style questions asking you to explore topics in the module in more detail. You will be asked to pick two questions from a list of four.
 - ▶ Section C (20 points): This will be a short section with four short problems based on various models that we will cover. You will be asked to answer all of them.

We Will Use This Gradescale

| Alternative Numeric Scale 1 | | |
|------------------------------------|---------|---------|
| <i>40% pass Linear</i> | | |
| Grades | Lower % | Upper % |
| A+ | ≥95 | 100 |
| A | ≥90 | <95 |
| A- | ≥85 | <90 |
| B+ | ≥80 | <85 |
| B | ≥75 | <80 |
| B- | ≥70 | <75 |
| C+ | ≥65 | <70 |
| C | ≥60 | <65 |
| C- | ≥55 | <60 |
| D+ | ≥50 | <55 |
| D | ≥45 | <50 |
| D- | ≥40 | <45 |
| E+ | ≥35 | <40 |
| E | ≥30 | <35 |
| E- | ≥25 | <30 |
| F+ | ≥20 | <25 |
| F | ≥15 | <20 |
| F- | ≥10 | <15 |
| G+ | ≥5 | <10 |
| G | ≥0.01 | <5 |
| G- | ≥0.01 | <0.01 |
| NM | 0 | 0 |
| ABS | | |

How Your Final Grade Will Be Calculated

- The grading scale that will be used for this module is “Alternative Numeric Scale 1”. This is one of four officially sanctioned gradescales that can be used at UCD and it is the policy of the School of Economics to use this one.
- Your final grade is a weighted average of the grade calculation points for the three parts of the assessment.
- The grade calculation point is a number that UCD uses that maps your letter grade onto a score. Those scores are then used to calculate your final grade. To give an example, in this grading scale, a D- has a grade calculation point of 9.5 and B minus has a grade calculation point of 15.5.
- So, for example, if someone gets a B minus in the midterm and D minus in the final exam, we will calculate final module score of $0.7 \cdot 15.5 + 0.3 \cdot 9.5 = 13.7$. This means their final grade will be a C.

How Grades are Combined Using Grade Calculation Points

| Calculation Points <i>for aggregating component grades</i> | | Module Scale <i>for deriving module grade and grade points</i> | | | |
|---|-------------------|---|-------|-------|-------------|
| Grade | Calculation point | Lower | Upper | Grade | Grade Point |
| A+ | 20.5 | ≥20 | 21 | A+ | 4.20 |
| A | 19.5 | ≥19 | <20 | A | 4.00 |
| A- | 18.5 | ≥18 | <19 | A- | 3.80 |
| B+ | 17.5 | ≥17 | <18 | B+ | 3.60 |
| B | 16.5 | ≥16 | <17 | B | 3.40 |
| B- | 15.5 | ≥15 | <16 | B- | 3.20 |
| C+ | 14.5 | ≥14 | <15 | C+ | 3.00 |
| C | 13.5 | ≥13 | <14 | C | 2.80 |
| C- | 12.5 | ≥12 | <13 | C- | 2.60 |
| D+ | 11.5 | ≥11 | <12 | D+ | 2.40 |
| D | 10.5 | ≥10 | <11 | D | 2.20 |
| D- | 9.5 | ≥9 | <10 | D- | 2.00 |
| E+ | 8.5 | ≥6 | <9 | FM+ | 0.00 |
| E | 7.5 | ≥3 | <6 | FM | 0.00 |
| E- | 6.5 | ≥0 | <3 | FM- | 0.00 |
| F+ | 5.5 | 0 | 0 | NM | 0.00 |
| F | 4.5 | 0 | 0 | ABS | 0.00 |
| F- | 3.5 | | | | |
| G+ | 2.5 | | | | |
| G | 1.5 | | | | |
| G- | 0.5 | | | | |
| NM | 0 | | | | |

Contacting Me

- **Email:** You can reach me at karl.whelan@ucd.ie.
 - ▶ I do my best to respond promptly to email queries from students but I will generally limit sending emails to work hours. If I forget to reply to you, just send your email on again (I won't mind). I don't intend to ignore any of your emails but I am usually fairly busy so sometimes I don't get around to replying quickly and then forget.
- **Office Hours:** I will hold weekly office hours via Zoom on Fridays at Noon. The link to these office hours is available in Brightspace.
 - ▶ These will run like normal office hours, on a first-come first-served basis. I will admit the first person that requests to join the meeting and keep others in the “waiting room” until it is their turn. If a group of you want to meet me together at the same time, let me know and I will admit the group together.
- **Meeting in Person:** Let me know if you would prefer to meet in person at my office and we can set up a meeting. I will of course also be happy to talk with students after class, though on Thursdays I have to go straight to the Newman Building to teach another class.