These three lectures present an overview of empirical analyses of three central topics in International Macroeconomics: exchange rate and capital control regimes; the policy trilemma and the constraints on monetary policy; and the determinants of trade in goods and services.

The readings for this course include chapters from Exchange Rate Regimes in the Modern Era, Michael W. Klein and Jay Shambaugh, MIT Press, 2010. (Referred to as ERRME in the syllabus). Articles listed in the syllabus will be posted on an accessible website. The posts from EconoFact are available on its website, econofact.org.

Course Topics

I. The International Monetary System
   A Brief History of the International Monetary System
   Capital Flow Management Policies
   Exchange Rate Regimes
   Dynamics of Exchange Rate Regimes
   Optimum Currency Areas and the Euro

II. The Policy Trilemma
   Interest Parity
   Covered Interest Parity, Uncovered Interest Parity and the Carry Trade
   Economic Applications of the Interest Parity Equation
   Credibility of a Fixed Exchange Rate Regime
   The Policy Trilemma
   Empirical Evidence on the Policy Trilemma
   Exchange Rate Pegs, Credibility and Inflation

III. Exchange Rates and International Trade
   Exchange Rates and Prices
   The Real Exchange Rate
   Multilateral Exchange Rate
   The Real Exchange Rate and Trade
   The Real Exchange Rate and Traded and Non-Traded Goods
   The Gravity Equation
   Bilateral Trade Statistics and International Supply Chains
Readings

I. The International Monetary System


II. The Policy Trilemma


III. Exchange Rates and International Trade


*EconoFact: What Do We Learn from Bilateral Trade Deficits?* Marc Melitz and Michael Klein, May 25, 2017
