

ECONOMICS 122: ENVIRONMENTAL ECONOMICS
INSTRUCTOR: EDWARD MCDEVITT
UCLA, SUMMER SESSION A, 2026 ONLINE
(Session C: August 3rd, Monday, to September 9th, Wednesday)

Lecture Days and Times: MW 1:00 PM to 3:05 PM (PST). **On-Line**

Website: <https://bruinlearn.ucla.edu/courses/230549>

Course Lecture and Exams: This course is a synchronous on-line (I have placed the link under Zoom section on the course website). I will also be recording the lectures and will be posted under “ Media Gallery” on course website. Please note the course is synchronous, so my “live” lectures 1:00 PM to 3:05 PM (PST). Very important: synchronous also means that the exams are ONLY given at 1:00 PM to 3:05 PM (PST) on the dates listed below—there will be no exceptions.

Office Hours: TBD. (we will use the same Zoom link for OH as we use zoom lectures). I also hold additional office hours in the week leading up to an exam.

e-mail: mcdevitt@econ.ucla.edu

University Holidays (no class): Monday, September 7th . To make up for the lost lecture, I will have a pre-recorded lecture posted at the beginning of Week 5.

COURSE DESCRIPTION: Interpretation of balance of payments and adjustment to national and international equilibria through changes in price levels, exchange rates, and national income. Other topics include determination of exchange rates under various monetary standards, capital movements, currency unions, currency crisis, and international monetary organization.

Textbook: There is no required textbook, I have posted my lecture notes. The live lectures will follow these notes closely. In addition, and if applicable, I will also be posting any updates to notes weekly.

As already noted, I will be posting the recorded versions of these on course website under Media Gallery.

Study Questions: Study questions with solutions will be provided. They will be posted on the course website at <https://bruinlearn.ucla.edu/courses/230549>. The study questions are very useful for preparing for the exams. Make sure you do all of the questions. Also, try making up your questions, perhaps variations on the study questions. In addition to study questions, I post other optional readings and/or links. In addition to the SQs, I will post old exam questions as we approach exams.

EXAMS: There will be two online exams. *All exams are open book/open notes.* The approximate weighting of the exams is as follows:

First Exam-online- (Wednesday, Week 3, August 19th, 1:00 to 3:05 PM)- 45%.

Second Exam-online- (Wednesday, Week 6, September 9th, 1:00 to 3:05 PM)-55%.

The weights will not be changed.

EXAMS: There will be two *online* exams as mentioned above. The second exam is NOT cumulative. Again, the exam times are at the regularly scheduled time for the class (PST). You will be given the entire class time. Exams will consist of multiple choice questions, drop-down menu questions, fill-in-the-blanks questions, and a *possibly* a small number of (probably only one) essay/problem questions. I use the word “essay” very broadly to mean anything from graphs, math and/or written explanation. All exams are open book/open note. You can use a calculator (but generally not needed), but no other electronic device (for example, iPads are NOT allowed). Because these are online exams, extra precautions will have to be taken—I will provide details later, however, at least one is a “cameras on” policy.

POLICY ON MISSED EXAMS: Exams must be taken at one of the scheduled times. Please note that department policy does not allow for any makeup exam to be administered if a student misses a midterm (<https://economics.ucla.edu/undergraduate/common-syllabus/>). If a student has a legitimate reason (by “legitimate reason” I mean something serious and unanticipated) and can provide acceptable documentation of such of an excuse, then additional weight will be placed on the last exam (I make an adjustment based on degree of difficulty if the final exam has a significantly different mean score). Any such documentation, such as a doctor’s note, should clearly state that the student was incapacitated and was therefore unable to take the exam or faced a serious impediment that prevented attendance at the exam. A student who misses an exam without a valid, verifiable excuse will receive a zero. If due to a verifiable emergency, a student misses the last exam, then that student will be required to take a makeup exam administered by the instructor at a time to be arranged. If a student misses all exams this student will receive an automatic grade of “F”. ”. *Please note that “self-generated” notes from the Ashe Center will not be accepted.*

Center for Accessible Education (CAE): Any student with a pre-existing illness or condition who requests special arrangements must (a) qualify under CAE rules for such special arrangements and (b) must take the exam with CAE. Any such arrangements with CAE must be communicated to the instructor during the first week of classes. For additional information and the qualification conditions of the *Center for Accessible Education* please visit their website at <https://www.cae.ucla.edu/>. All other students must take the exam at the scheduled time under the same time constraints. It is the responsibility of all

students who request special arrangements with CAE to be familiar with all of their rules as well as the rules of this class.

ACADEMIC DISHONESTY

Any cases of cheating will be reported to the Office of the Dean of Students. For more details please refer to the Office of the Dean of Students website at <https://www.deanofstudents.ucla.edu/Academic-Integrity>

ORDER OF TOPICS

TOPICS

- **Week one:** Exchange rates and the Foreign Exchange market.
Definitions, terms, arbitrage, covered interest parity, uncovered interest parity, fixed vs. floating
- **Week two:** Exchange rate determination in the long run (Monetary Approach)
Real exchange rates, purchasing power parity, money market and exchange rate, Fisher effect, interest rate parity, monetary and exchange rate regimes, policy trilemma.
- **Week three:** Exchange rate determination in the short run (Asset Approach)
Uncovered interest parity condition, interest rate in short run, nominal rigidities in short run, asset approach model, combining the SR and LR approaches, fixed exchange rate regimes

EXAM ONE: August 19th , Wednesday

- **Week four:** Open Economy macroeconomics (short run).IS-LM model for open economy, monetary policy in a floating exchange rate regime, monetary policy in a fixed exchange rate regime, fiscal policy in a floating exchange rate regime, fiscal policy in fixed exchange rate regime, liquidity traps, quantitative easing, policy trilemma, overshooting, J-curve
- **Week five:** Marshall-Lerner Condition, Balance of Payments, open economy macro identities Marshall-Lerner condition, multiple equilibria, exchange rate pass-through, definitions & accounting identities, current account, capital account, financial account, external wealth

UNIVERSITY HOLIDAY: Monday, September 7th , NO CLASS

- **Week six:** Balance of Payments (cont.), Exchange rate crises, currency crisis models, Debt and Default Various current crisis models presented, relationship to debt

EXAM TWO: September 9th , Wednesday