

UNIVERSITY OF CONNECTICUT
SPRING 2012
INTERNATIONAL FINANCE (ECON 3422)

INSTRUCTOR: Paul Hallwood Ph.D.

Lecture time: FRIDAY 10am -1pm.

Room: Fs 220

Office Hours: After class.

Email address: paulhallwood@msn.com

Required : Hallwood, *Lecture Notes*, Sent to you for free – I suggest that you have them printed and bound at a place like Staples for about \$5.

The lecture notes are based on Hallwood/MacDonald, *INTERNATIONAL MONEY AND FINANCE*, Blackwells, Oxford, 2000. Extra notes have been added.

TOPICS (with page numbers in Lecture Notes:

- 1 INTRODUCTION **page 1**
- 2 BASIC CONCEPTS IN INTERNATIONAL FINANCE **page 6**
- 3 SPOT AND FORWARD EXCHANGE RATES: SOME MORE BASIC IDEAS
page 15
- 4 THE ABSORPTION APPROACH TO THE BALANCE OF PAYMENTS **page 25**
UNDERSTANDING THE MACROECONOMIC EFFECT OF THE
BANKING CRISIS BEGINNING 2007 AND WHY THE US BUDGET
DEFICIT REALLY HAD TO RISE IN 2009
- 5 MACROECONOMICS IN AN OPEN ECONOMY: THE MUNDELL-FLEMING
MODEL **page 32**
- 6 THE MONETARY APPROACH TO THE BALANCE OF PAYMENTS **page 39**
MABP: China, the US, world inflation and the housing crisis
- 7 THE MONETARY VIEW OF EXCHANGE RATE DETERMINATION **page 46**
- 8 EXCHANGE RATE OVER SHOOTING – THE DORNBUSH MODEL **page 52**
- 9 INTERNATIONAL CAPITAL FLOWS **page 56**
- 10 CURRENCY CRISES AND SPECULATIVE ATTACK **page 66**
- 11 THE EURO-ZONE FINANCIAL CRISIS, SEPTEMBER 2011 ON GOING **page**
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- 12 INTERNATIONAL BANKING CRISES **page 85**
- 13 ASPECTS OF THE INTERNATIONAL FINANCIAL CRISIS BEGINNING 2007:
HOW (GF)⁵ ALMOST DESTROYED THE U.S. AND WORLD FINANCIAL
SYSTEM. Oh, (GF)⁵ is the ‘greater fool’ conjecture to the fifth power. **Page 91**
- 14 THE DOLLAR STANDARD TODAY AND DURING THE BRETTON WOODS
ERA **page 101**
- 15 MONETARY UNION **page 112**
- 16 DESIGNING AN INTERNATIONAL MONETARY SYSTEM **page 123**

Examinations and course assessment:

Five in-class short examinations (5% each = 25% of course grade)

Midterm 35% of course grade

Final 40% of course grade

(MID-TEM BREAK IS MONDAY MARCH 12TH TO FRIDAY MARCH 16TH)

DATES

1) IN CLASS EXAMS

1: Fri 2/3 5% (of course grade)

2: Fri 2/17 5%

3: Fri 3/2 5%

4: Fri 4/6 5%

5: Fri 4/20 5%

2) MID-TERM EXAMINATION: Friday 3/9 (35% of course grade)

3) FINAL EXAMINATION: Week beginning Monday April 30th (40% of course grade)