International Finance
Take the Quick Tour

Instructor: Don Roper  Room 14 Economics Building
Office Hours: Wed 2-5:30pm and by appointment

This course concerns international monetary theory and practice, some of the history and possible future evolution of institutions. Attention will be given to the international financial crisis in the 1930s, the 1980s debt crisis, the near-default of Mexico in 1995, '98 slowdown from the '97 Asian Crisis, the Argentina bailout, current monetary policy, vulnerability of the US equities market and the role of monetary policy in widespread defaults. All required readings can be downloaded from the net. A few optional readings are on reserve in Norlin.

Online Resources:
Students need to register for the online Financial Times.
The most important resource is perhaps Nouriel Roubini's web site.
Other major sites that are used include

The Dismal Scientist  IMF  World Bank
Economagic  Joint Economic Committee
Finance-Yahoo  Federal Reserve Board

If financial instabilities manifest themselves during the semester, more current events will be included in the course and resources like The Economist  BBC Bloomberg and CNNfn will prove useful.

Evaluation:

Preliminary Examination Sept 6 10%
Exam I Tuesday Oct 2 25%
Exam II Thursday Nov 13 35%
Comprehensive Final Mon Dec 17 1:30-4pm 30%

A genuine understanding of basic analytics (eg, doubling times, balance sheets, percent changes of ratios, dimensions, division by fractions, the algebra of growth rates...) essential for the course will be covered thoroughly in the first two weeks. Material during the first two weeks is a review of the course pre-requisites. The first "preliminary exam" is used as a prerequisite to the course. This course makes extensive use of the basic mathematics of finance and any student who has difficulty with the initial mathematics/algebra should see the instructor about continuing in the
course.

An oral exam will be given for anyone who needs to miss an exam. A student taking the course pass/fail can skip the last two exams if s/he has at least a B on the first 2 exams as explained here.

In addition to examination scores, students can receive additional points/credit towards the final grade through class participation which enhances the learning experience of others. There is no upward bound to the credit that students can receive towards their course grade from appropriate, thoughtful, reflective class participation.

38 visits since Aug 18, 2000
Topics and Readings for International Finance

Basic Tools for Course  Study Qs  [Preliminary-Exam 10% Sept 6 (Th)]
- Doubling Times
- Algebra of Growth Rates
- Real vs Nominal Exchange Rates
- Central Bank Liabilities please focus on the appendix at this time
- Demand for Money please focus on the algebra at this time
- Yields please focus on the initial terminology at this time

I. Demand and Supply of Single and Multiple Monies
Analysis for a Single Currency Area
- Money Market: Demand for Money
  - What is Money? Eliminating Sustained Inflation
- Debt Market: Yields on Debt Indexed Contracts
- Transmission of Monetary Policy

Analytical Tools for Multiple Currencies
- Purchasing Power Parity Big Mac Index
- Interest Rate Parity Yen Carry Trade
- BOP Analysis Exchange Market Pressure
- Classical Adjustment Mechanism Asymmetry of the GES
- Market Pressure and Imperfect Currency Substitution

Exam Oct 2 30%

II. The IMF and Sustainable Debt Levels  Oct 8-16
Introduction to the Fund James Tobin and Gustav Ranis Milton Friedman Oct98
Joe Stiglitz George Schultz Feb98
IMF’s defense of itself Business Week on IMF Demonstrations GDP vs GNP
Demonstrations at Sept 2001 Meetings BBC on Poverty Poverty Map
Jubilee 2000 Interview with the founder of IMF conditions and
Jubilee2000, Ann Pettifor Economic Efficiency
Debt of Developing Countries: UN ‘98 Flogging a Dead Process
HIPCs HIPC notion of ‘sustainable debt’ Ann Pettifor (7/01)
Jim Leach’s definition
ICG on Indonesia March 2001 David Roodman on the

III: Six Years of Bailouts and Reform Issues

http://csf.colorado.edu/roper/if/readings.html  8/23/01
Exam II (Tue) Nov 6 30%

IV. The Long View

- Given the abuse of fixed exchange rates, where did they come from? ****
- WWI-WWII: Germany's Reparations and Hyperinflation
  *Gold, Debt and the Great Depression*
- International Debt Crisis of the Eighties (selections to be announced)
- Japan's decade crisis Economist mar01
- Collapse of Bretton Woods
- Recycled Petro Dollars
- Oil Prices and Monetary Policy
- Historical and Ahistorical Theories of the Accumulation of Debt
- Mexico's 1982 and 1994 Defaults by Christopher Whalen
- A Kondratieff Wave?
- Kondratieff's original work
- Can Disinflation Be Non-Neutral?
- Nonbusiness US bankruptcies
- Long View of Fed Funds

Final Exam Mon Dec 17 1:30-4pm 30%

Visits

http://csf.colorado.edu/roper/if/readings.html 8/23/01