The Trilemma, International Currencies, Capital Controls and Financial Development
Lecturer: Prof. Dr. Menzie D. Chinn (University of Wisconsin-Madison)

Date: December 17, 2015 – December 22, 2015 (Universitat Leipzig)

Venue: Leipzig University, Faculty of Economics and Management Science, Grimmaische Straße 12, Seminargebäude, Room S 203 (17th – 18th December 2015); Institutsgebäude, Room SR 7 (21st – 22nd December 2015)

Course website: http://cgde.wifa.uni-leipzig.de/program/special-course-financial-market-stability-2015/

Course materials website: http://www.ssc.wisc.edu/~mchinn/web_trilemma_f15.html

Course Description: The course will cover the key concept in international finance, namely the choices imposed by the international trilemma (also known as the impossible trinity), the proposition that a country cannot simultaneously pursue full monetary autonomy, exchange rate stability, and financial integration/absence of capital controls. Considerable attention will be devoted to issues of measurement and estimation of the effects of policy combinations. Finally, the linkage of financial integration to financial development and to the internationalization of currencies will be examined.

Course Outline

Thursday
10-11:30 The Trilemma: Background and “theory”
12:30-14:00 Measurement of the Trilemma [1], [2]
14:30-16:00 Impacts on growth and inflation [3]

Friday
10-11:30 The Trilemma and Monetary Spillovers [4],[5],[6]
12:30-14:00 Capital controls measured [7]
14:30-16:00 Capital control efficacy (I) [8]

Monday
10-11:30 Capital control efficacy (II)
12:30-14:00 Capital controls and financial development [9]
14:30-16:00 International currencies defined [10]

Tuesday
10-11:30 The future of reserve currencies
12:30-14:00 Aspects of currency internationalization
14:30-16:00 Exam
Readings


Evaluation will be based on a comprehensive exam.