

BOSTON COLLEGE
DEPARTMENT OF ECONOMICS

EC372.01
International Finance
Dr. H. S. Kazemi
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Spring 1998
Office: Carney 243
Office Hrs. Tues. &
Thurs. 4: 15-5: 15 &
by appointment

A. Required Readings:

James C. Ingram, *International Economics*. John Wiley & Sons, 4th. Ed. New York 1996.

Paul De Grauwe, *The Economics of Monetary Integration*. Oxford University Press, 3rd. Ed. New York, 1997.

Kathryn M. Dominguez and Jeffrey A. Frankel, *Does Foreign Exchange Intervention Work?*. Institute for International Economics, Washington DC., 1993

Wall Street Journal

B. Exams and Grading:

There will be two exams; a mid-term and a final each accounting for 40% of the total grade. You are required to work on a number of assignments and projects which will account for 10% of your total grade. Since student participation in class discussions is an important part of this course and the learning process, the remaining 10% will be assigned to your class preparedness and participation in discussions. "Make-up" or early exams will not be given. Exam dates: Midterm to be announced in class and the final is on Friday May 8th at 12:30 pm.

Reading Schedule:

1. Introduction to the Mechanism of International Payments

2. Exchange Rates & Foreign Exchange Markets

- a. Flexible and Fixed Exchange Rate Systems
- b. Arbitrage
- c. Elasticity of Demand and Supply
- d. Marshall-Lerner Condition
- e. Forward and Spot Exchange Rates

Ingram and Dunn, Chapters 12 and 13.

Paul De Grauwe, *The Economics of Monetary Integration*, Chapters 1, 2 and 3.

3. National Income Accounting in the Open Economy

Ingram and Dunn, Chapter 14.

4. Exchange Rates and the Balance of Payments

- a. Flexible Exchange Rates

b. Fixed Exchange Rates and the Gold Standard

Ingram and Dunn, Chapters 15, 16 and 17. Dominguez and Frankel, Chapters 1-7.

5. International Monetary Experience

a. the Gold Standard

b. Fixed Exchange Rates and the Gold Standard

c. Bretton Woods System

d. the Eurocurrency Market and Eurodollar

e. Recent Developments of International Monetary System

Anna J. Schwartz, Alternative Monetary Regimes: The Gold Standard in Campbell and Dougan pages 44-72. (on reserve)

Paul De Grauwe, The Economics of Monetary Integration, Chapters 5, 6 and 7.

6. International Debt Crisis

Anna J. Schwartz, " International Debts: What's fact and what's fiction," proceedings of the conference on International Debt Crisis, Stonehill College, North Easton, MA. March, 1989.

7. Different Approaches to Debt Relief

John Williamson, Voluntary Approaches to Debt Relief Institute for International Economics, Washington DC., May 1989. On Reserve at the Library.

8. An Overview of the Debt Crisis

William R. Cline's International Debt Reexamined. Chapter one.(On reserve)

9. Recent Events in International Monetary Relations

Debt Indicators, Economic Growth and Inflation, Key Debtors

William R. Cline's International Debt Reexamined. Chapter two.(on reserve)

The Mexican Peso Crisis of December 1994

William R. Cline's International Debt Reexamined. Chapter nine.(on reserve)

Ingram and Dunn, Chapter 21