ECON 442/542, Spring 1984
International Finance
MWF 8:00-8:50
Econ 117

Bill Kaempfer
114 Economics x8145
Hours: MWF 10:50-11:50
or by Appointment

Texts: International Economics, Dominick Salvatore,

Note: We will use only Parts III and IV of this text.
However, Econ. 441 will use Parts I and II.

Also suggested for those wishing additional material:
The Rules of the Game, Kenneth W. Dam, University of
Chicago Press, Chicago, IL. 1982
Foreign Exchange Futures, Allan Loosigian, Dow Jones
and Irwin, Homewood, IL. 1981

Assignments: I. Foreign Exchange Markets (Chapter 13) [Plus Loosigian,
Ch. 4-5, 11-15]
   A. Definition of an Exchange Rate and Market (13.1 to 13.3)
   B. Traders' Activity (13.4 and A13.1)
   C. Covered Interest Arbitrage (13.5 and A13.2 and .3)
   D. Eurocurrency Markets (13.6)

II. The Balance of Payments (Chapter 14)

III. Flexible vs. Fixed Exchange Rates (Chapter 19)

IV. The International Monetary System (Chapter 20) [Plus Dam]

V. Automatic Adjustment Mechanisms
   A. Price Adjustment (Chapter 15)
   B. Income Adjustment (Chapter 16.1 to 16.4)
   C. The Absorption Approach (Chapter 16.5 and 16.6)

VI. Balance of Payments Adjustment Policies
   A. Policy Mixes (Chapter 17)
   B. The Monetary Approach (Chapter 18)

Note: Econ. 542 students will be given additional reading assignments later.

Exams: 3 Hourly Exams - 20% each
   February 20th (Part I)
   March 16th (Parts II, III and IV)
   April 23rd (Part V)

NO MAKE-UPS for missed exams. Pre-excused absences are possible for 1
hourly exam only. In these cases the Final counts 60% of total grade.

Final Exam - 40% The final is comprehensive and must be taken at the
scheduled time, Saturday, May 19th, 7:30 to 10:30 a.m.