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BUSINESS ADMINISTRATION CLASSICS

工商管理经典教材·国际化管理系列

Business Administration Classics

# 国际金融

# INTERNATIONAL FINANCE

（第3版）

(Third Edition)

基思·皮尔比姆（Keith Pilbeam） 著

中国人民大学出版社

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# 总　　序

随着我国加入WTO，越来越多的国内企业参与到国际竞争中来，用国际上通用的语言思考、工作、交流的能力也越来越受到重视。这样一种能力也成为我国各类人才参与竞争的一种有效工具。国家教育机构、各类院校以及一些主要的教材出版单位一直在思考，如何顺应这一发展潮流，推动各层次人员通过学习来获取这种能力。双语教学就是这种背景下的一种尝试。

双语教学在我国主要指汉语和国际通用的英语教学。事实上，双语教学在我国教育界已经不是一个陌生的词汇了，以双语教学为主的科研课题也已列入国家“十五”规划的重点课题。但从另一方面来看，双语教学从其诞生的那天起就被包围在人们的赞成与反对声中。如今，依然是有人赞成有人反对，但不论是赞成居多还是反对占上，双语教学的规模和影响都在原有的基础上不断扩大，且呈大发展之势。一些率先进行双语教学的院校在实践中积累了经验，不断加以改进；一些待进入者也在模仿中学习，并静待时机成熟时加入这一行列。由于我国长期缺乏讲第二语言（包括英语）的环境，开展双语教学面临特殊的困难，因此，选用合适的教材就成为双语教学成功与否的一个重要问题。我们认为，双语教学从一开始就应该使用原版的各类学科的教材，而不是由本土教师自编的教材，从而可以避免中国式英语问题，保证语言的原汁原味。各院校除应执行国家颁布的教学大纲和课程标准外，还应根据双语教学的特点和需要，适当调整教学课时的设置，合理选择优秀的、合适的双语教材。

顺应这样一种大的教育发展趋势，中国人民大学出版社同众多国际知名的大出版公司，如麦格劳-希尔出版公司、培生教育出版公司等合作，面向大学本科生层次，遴选了一批国外最优秀的管理类原版教材，涉及专业基础课，人力资源管理、市场营销及国际化管理等专业方向课，并广泛听取有着丰富的双语一线教学经验的教师的建议和意见，对原版教材进行了适当的改编，删减了一些不适合我国国情和不适合教学的内容；另一方面，根据教育部对双语教学教材篇幅合理、定价低的要求，我们更是努力区别于目前市场上形形色色的各类英文版、英文影印版的大部头，将目标受众锁定在大学本科生层次。本套教材尤其突出了以下一些特点：

● 保持英文原版教材的特色。本套双语教材根据国内教学实际需要，对原书进行了一定的改编，主要是删减了一些不适合教学以及不符合我国国情的内容，但在体系结构和内容特色方面都保持了原版教材的风貌。专家们的认真改编和审定，使本套教材既保持了学术上的完整性，又贴近中国实际；既方便教师教学，又方便学生理解和掌握。

● 突出管理类专业教材的实用性。本套教材既强调学术的基础性，又兼顾应用的广泛性；既侧重让学生掌握基本的理论知识、专业术语和专业表达方式，又考虑到教材和管理实践的紧密结合，有助于学生形成专业的思维能力，培养实际的管理技能。

● 体系经过精心组织。本套教材在体系架构上充分考虑到当前我国在本科教育阶段推广双语教学的进度安排，首先针对那些课程内容国际化程度较高的学科进行双语教材开发，在其专业模块内精心选择各专业教材。这种安排既有利于我国教师摸索双语教学的经验，使得双语教学贴近现实教学的需要；也有利于我们收集关于双语教学教材的建议，更好地推出后续的双语教材及教辅材料。

● 篇幅合理，价格相对较低。为适应国内双语教学内容和课时上的实际需要，本套教材进行了一定的删减和改编，使总体篇幅更为合理；而采取低定价，则充分考虑到了学生实际的购买能力，从而使本套教材得以真正走近广大读者。

● 提供强大的教学支持。依托国际大出版公司的力量，本套教材为教师提供了配套的教辅材料，如教师手册、PowerPoint 讲义、试题库等，并配有内容极为丰富的网络资源，从而使教学更为便利。

本套教材是在双语教学教材出版方面的一种尝试。我们在选书、改编及出版的过程中得到了国内许多高校的专家、教师的支持和指导，在此深表谢意。同时，为使我们后续推出的教材更适于教学，我们也真诚地期待广大读者提出宝贵的意见和建议。需要说明的是，尽管我们在改编的过程中已加以注意，但由于各教材的作者所处的政治、经济和文化背景不同，书中内容仍可能有不妥之处，望读者在阅读时注意比较和甄别。

**徐二明**
中国人民大学商学院

# Introduction

## The subject matter of international finance

The subject matter of international finance is, broadly speaking, concerned with the monetary and macroeconomic relations between countries. International finance is a constantly evolving subject that deals very much with real world issues such as balance of payments problems and policy, the causes of exchange rate movements and the implications of macroeconomic linkages between economies.

Many economists had predicted that the adoption of generalized floating in 1973 would lead to a demise of interest in the subject. They believed that exchange rate adjustments would eliminate balance of payments concerns. As is the case with many economists' predictions, they were proved wrong! Floating exchange rates did not eliminate balance of payments preoccupations, and in recent years the record US balance of payments deficits have become a mounting concern for the global economy. Floating exchange rates have been characterized by high volatility and substantial deviations from purchasing power parities. Exciting new theories were developed to explain these phenomena and these theories have been subjected to close empirical scrutiny. While the more recent literature has emphasized that purchasing power parity (PPP) may still be a valid run phenomenon, the speed with which deviations from PPP are corrected has become a source of recent controversy.

The quadrupling of oil prices at the end of 1973 and doubling in 1979 caused considerable turbulence to the world economy. There were dramatic divergences in economic performance; the United Kingdom and Italy experienced substantial rises in their inflation rates, while the Japanese and German economies managed to keep the lid on inflation. In such a turbulent world, a widespread desire to create a zone of currency stability between the currencies of countries belonging to the European Community led to the setting up of the European Monetary System in 1979. Contrary to much initial scepticism and the odd speculative attack, the system survived until the end of 1998, and on 1 January 1999 the European Union achieved the holy grail of Economic and Monetary Union (EMU) with 11 founding members. Greece was admitted into the Monetary Union on 1 January 2001 and was thereby able to fully participate when the euro finally arrived at street-level on 1 January 2002. The advent of European Monetary Union is probably the most significant development in the international monetary system since the breakdown of the Bretton Woods system in the early 1970s. The euro, although only five years in existence at the time of writing, has had a turbulent time in the foreign exchange markets falling from an initial value of \$1.17/€1 to an all-time low of around \$0.82/€1 in October 2000 before making a remarkable recovery to be trading around \$1.25/€1 by mid-August 2005.

The dollar itself has had a turbulent history since the breakdown of Bretton Woods; it generally depreciated against its major trading partners in the 1970s but between 1981 and 1985 a massive and sustained real appreciation of the dollar was largely blamed on divergences in macroeconomic policies internationally. The United States had an ever-growing fiscal deficit with rising real interest rates, while the European and Japanese economies were adopting much tougher fiscal policies. The resulting appreciation of the dollar led to trade frictions between the United States and its trading partners. To limit these damaging policy divergences, there were calls for a greater coordination of macroeconomic policies and much discussion in the economic literature over the potential gains to be had from such coordination.

In August 1982 the International Debt Crisis exploded on the scene with the announcement of the Mexican moratorium, and sparked off major concerns about stability of the international banking system. Resolving the worst of the crisis took up the best part of 15 years, and despite its supposed resolution there have been major economic crises in three of the four major debtors, notably Mexico in 1994/95, Brazil in 1999 and Argentina declaring a debt moratorium in December 2001 and ending its peso currency-board peg to the US dollar in January 2002.

Over the past couple of decades, the Southeast Asian economies have grown rapidly and their economic importance to the world economy has increased enormously. However, in July 1997 a devaluation of the Thai baht marked an abrupt ending of the 'Asian miracle' and the start of the so-called 'Asian financial crisis'. For the best part of a year and a half there was unprecedented turbulence in Asian financial markets with their currencies and stockmarkets both falling significantly in value and exhibiting enormous volatility. The turbulence in the financial markets was reflected in large output falls in many Asian economies and indeed a questioning of their economic systems. The economies have since stabilized and the economic profession has been busy analysing the implications of channels of trade and financial contagion, moral hazard and herding behaviour ever since in an attempt to rationalize the crisis. More recently, there have been moves to set up early-warning systems designed to detect potential crises before they develop.

Another major development in the past 35 years has been the exponential growth in trading in derivative instruments such as futures, options and swaps. These instruments have enabled firms to hedge risks but have also been the centre of concern in that some authorities, companies and banks have run up enormous losses either through a lack of understanding of the instruments or the taking of unduly risky positions. The $2 billion losses of Orange County in the United States and the remarkable losses run up by Barings bank due to trading by the infamous Nick Leeson are just two of the well-publicized cases.

Not surprisingly, in response to many of the foregoing developments, the literature and the importance of the subject has mushroomed. Although there are a number of very good texts covering many of these topics it is extremely hard to find a core book to recommend. Some books are very strong on theory but pay little attention to empirical issues. Others are excellent on recent exchange rate theory but presume a reasonable background in traditional exchange rate and balance of payments theory. Older texts, while good on traditional theories, inevitably do not cover the modern literature. The first two editions of this text were designed to provide a single core book giving an accessible and up-to-date introduction to the field of international finance. The market success of the previous two editions and events such as the achievement of EMU in Europe, the Asian financial crises and new theoretical and empirical developments in the subject area inevitably led to demands for a third edition which we present here. Economics is increasingly a profession where the tail (mathematics and econometrics) is wagging the dog (economics); I like to think this is a book where the dog is wagging the tail and it is written in this spirit.

## Distinguishing features of this text

The main distinguishing features of this text can be summarized as:

- **Full scope of theory covered.** The text presents both traditional and modern theories in the field. To the extent possible, the presentation follows a chronological order that gives students an impression of the development of the literature.
- **Real-world data.** The text is not purely theoretical but presents students with a reasonable overview of the empirical evidence relating to the theories discussed.
- **Considerate use of maths.** The technical expertise required of students is kept to a fairly low level. However, rather than exclude some important topics that require a

more technical exposition, a basic knowledge of mathematics and statistics is assumed.

- **Visual features.** Extensive use is made of diagrams, tables and graphs to illustrate the arguments in the text.
- **Full coverage of recent developments.** A number of important recent developments and subjects are given an extensive and up-to-date rather than cursory treatment. Most notably, there are entire chapters devoted to International Policy Coordination, Currency Derivatives, European Monetary Union, the International Debt Crisis and the Asian Financial Crisis. Among the issues discussed are, *inter alia*, exchange rate 'overshooting,' the problem of time inconsistency, game theory, currency crisis and moral hazard. The addition of a new chapter on the Asian financial crises reflects not just the growth of recent literature in this area, but also the increasing attention being paid by policy-makers and financial-market participants to this region of the world.
- **Updated further reading.** At the end of each chapter there is a selective own-list of further reading and references. It was felt that this would be considerably more useful to students and lecturers than a general bibliography at the end of the book. A list of very useful texts in the field is provided at the end of the book.
- **Web resources.** Reflecting the increasing use of the web by both students and lecturers, I have included a number of useful web urls that are pertinent to the world of international finance. These websites frequently provide access to invaluable information, data and the latest research in the subject area. In addition, the book now has its own companion website from which there are PowerPoint slides of all the figures and tables from the text. There is also a set of exercises with outline solutions for lecturers. I have also included some useful weblinks.

### Appropriate courses for the text

The coverage and level of technical expertise expected of students makes the text suitable for use as a main text on a variety of degree courses. These include undergraduate and one-year postgraduate courses in international economics, international monetary economics and international finance. Much of the material covered makes the book particularly useful for the international finance component of MBA courses. Some of the chapters in the book are relevant to courses in intermediate macroeconomics and international relations.

### Presentation and contents

In writing the text, it soon became apparent that there are a bewilderingly wide range of models that could be presented. At the same time it is extremely difficult to present the various theories as a subset of some general model, since that model would quickly become intractable. In the end, it was decided to concentrate on the models that have dominated the literature, even though the assumptions underlying the models in different chapters can differ greatly. It is hoped that the clear statement of the different assumptions underlying the theories at the beginning of each chapter and the contrasts drawn between the various models will facilitate student understanding.

The book is divided into three parts. The opening part is concerned with balance of payments theory and policy. The second part is devoted to theories of exchange rate determination and policy including an examination of the empirical exchange rate literature. The final part of the book traces the evolution and development of the international monetary system, and the major features of the current system are analysed.

Broadly speaking, an attempt has been made to present each part of the book in a chronological order that will give students a perspective on the development of the literature. A brief overview of the chapters is given below.

## Part 1: balance of payments theory and macroeconomic policy in an open economy

The opening chapter provides an introduction to the foreign exchange market and provides an essential background to the study of the remaining chapters in the book. Chapter 2 provides an introduction to balance of payments statistics and their interpretation. Chapter 3 presents some national income and balance of payments identities and then examines the traditional elasticity and absorption approaches to devaluation that were developed in the 1930s to 1950s. Chapter 4 analyses macroeconomic policy in an open economy using the Keynesian IS–LM–BP model which dominated policy discussion in the 1960s. This framework is then used to examine the effectiveness of fiscal, monetary and exchange rate policies in achieving internal and external balance. This is then followed in Chapter 5 by an examination of the distinctive monetary approach to the balance of payments which emerged in the late 1960s and early 1970s.

At the outset, it is worth noting that there are considerable differences between the Keynesian model of Chapter 4 and the monetary model of Chapter 5. The Keynesian model is based upon fixed domestic prices and assumes a horizontal aggregate supply schedule, so that variations in aggregate demand translate into changes in output and not prices. This contrasts with the monetary model which assumes a vertical aggregate supply schedule at the full employment level of output so that changes in aggregate demand translate into changes in prices rather than output. The Keynesian model also takes a flow view of capital movements and assumes imperfect goods substitutability; whereas the monetary model takes a stock view of capital movements and assumes perfect goods substitutability.

## Part 2: exchange rate determination theory, evidence and policy

Chapter 6 commences with the purchasing power parity (PPP) literature which is one of the earliest theories of exchange rate determination. PPP has not proved to be a reliable indicator of floating exchange behaviour, and some of the explanations that have been put forward to explain its failure are discussed. A new section dealing with measurement of per capita GDP and the relative size of different economies using PPP-exchange rates shows the relevance of the concept of PPP to understanding the world economy. In Chapter 7 there is an exposition of the modern monetary theories of exchange rate determination that were developed in the 1970s, and these emphasize the importance of monetary factors in explaining exchange rate behaviour. We deal first with the 'flexible price' monetary model, followed by the 'sticky price' Dornbusch model and finally the Frankel 'real interest rate differential model'. The chapter also introduces the risk premium and portfolio-balance approach to exchange rate determination. The portfolio-balance exchange rate model which was developed at the same time as the monetary models is discussed more fully in Chapter 8. The portfolio-balance model emphasizes that risk factors, and current account imbalances may have an important role to play in exchange rate determination.

Chapter 9 covers the empirical literature on floating exchange rates which only really got under way at the end of the 1970s and has mushroomed ever since. Three major empirical issues are examined; the first is whether or not the foreign exchange market can be regarded as efficient; the second concerns whether modern theories of exchange rates satisfactorily model observed exchange rate behaviour; and the third concerns the formation of exchange rate expectations. We include a discussion of some important recent results which suggest that economic fundamentals may still be useful for predicting longer-run exchange rates. Chapter 10 concentrates on exchange rate policy, beginning with a review of the traditional debate over the relative merits of fixed and floating exchange rates. This is then followed by an assessment using the more modern approach to analysing exchange rate policy, which compares the stabilizing properties of the two regimes within the context of a formal macroeconomic model.

## Part 3: the international monetary system

Chapter 11 provides an overview of the development of the post-Second World War international monetary system. It commences with the operation and eventual breakdown of the Bretton Woods system, and then surveys the major developments since the adoption of generalized floating. Chapter 12 examines the Eurocurrency and Eurobond markets that have become ever more significant and are important vehicles for the globalization of international finance. Chapter 13 examines the basics of derivative instruments and explains the differences between options, futures and swaps as well as the principles behind the pricing of these instruments. Chapter 14 provides an overview of the literature on international policy coordination, a topic of which there has been a great deal of research since 1985 and which remains an area of considerable controversy. Chapter 15 is devoted to an analysis of many of the issues raised by the international debt crisis, covering the origins and management of the crisis, the Mexican 1994/95 crisis, the Brazilian devaluation of 1999 and the Argentinian debt default in December 2001 and the ending of its currency board in January 2002. Chapter 16 looks at the achievement of Economic and Monetary Union in Europe, fully updated to reflect the achievement of EMU, the framework within which the European Central Bank operates, controversy over the stability and growth pact and the issues raised by the recent accession countries that in principle should be joining EMU at some point in the future. Chapter 17 is a new chapter covering the recent currency crisis literature; there is coverage of first, second and third-generation models and a special focus on how these might be useful in analysing the East Asian financial crisis, as well as coverage of the recent literature on early-warning systems.

## Use of the book

The scope of the book is sufficiently wide that there is considerable flexibility for lecturers to design courses that reflect their own interests. Chapters 1–5 probably provide the backbone to most courses in this field. Chapter 6 on purchasing power parity is a core chapter on exchange rate theory and floating exchange rate experience. Thereafter, the degree to which modern exchange rate theory is covered will be dependent on the length and priority of the course. Chapter 7 covers the modern monetary models. There is no doubt that the Dornbusch model of exchange rate overshooting represents such a significant contribution to our understanding of exchange rate behaviour that getting over its message is highly desirable. The problem is that a formal presentation is sometimes too advanced for some courses in international finance. For this reason, I have split up the presentation of the Dornbusch model into two parts: one is a simple explanation of the model without recourse to the use of equations; this is followed by a more formal presentation for more advanced classes. I hope that this approach enables most students to gain at least an intuitive grasp of the ideas underlying modern exchange rate theory and at the same that it satisfies the demands of more rigorous courses.

Chapter 8 on the portfolio balance model can easily be omitted if the course does not go into great detail on exchange rate theory. With regard to the empirical evidence on exchange rates it is quite possible to omit the coverage of exchange market efficiency tests and just recommend sections 9.6 to 9.10 for an overview of how well modern exchange rate theories perform empirically. In Chapter 10 it is possible to cover the traditional debate on fixed and floating exchange rate regimes without having to cover the more modern approach; although I have found the modern approach that compares the two regimes within an aggregate supply and demand framework to be very popular with students. Part 3 of the book offers a range of topics that can be chosen to reflect the emphasis of the particular course.

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