

**Volume 9**

# **International Economics Reading Lists**

**Economics Reading Lists,  
Course Outlines, Exams,  
Puzzles & Problems**

# **Volume 9**

## **International Economics Reading Lists**

**Economics Reading Lists,  
Course Outlines, Exams,  
Puzzles & Problems**



Compiled by Edward Tower, *Duke University*, August 1990

## NOTES TO USERS AND POTENTIAL CONTRIBUTORS

*These teaching materials are drawn from both undergraduate and graduate programs at 93 major colleges and universities. They are designed to widen the horizons of individual professors and curriculum committees. Some include suggestions for term-paper topics, and many of the lists are useful guides for students seeking both topics and references for term papers and theses. Thus, they should enable faculty members to advise students more effectively and efficiently. They will also be useful to prospective graduate students seeking more detailed information about various graduate programs; to those currently enrolled in programs who are preparing for field examinations; and to librarians responsible for acquisitions in economics. Finally, they may interest researchers and administrators who wish to know more about how their own work and the work of their department is being received by the profession.*

*The exams, puzzles and problems include both undergraduate and graduate exams contributed by economics departments and individual professors. They should be especially useful to professors making up exams and problem sets and to students studying for comprehensive exams. They may also serve as the focus for study groups.*

*From time to time we will reprint updated and expanded versions. Therefore, we would welcome new or updated teaching materials, especially those which compliment material in this collection or cover areas we missed. Potential contributors should contact Ed Tower, Economics Department, Duke University, Durham, North Carolina 27706, U.S.A.*

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### Acknowledgement

*The associate compilers for this series are Cliff Carrubba, Maia Sisk, and Ron Temple. Cliff is a senior at Duke, majoring in Economics and Political Science. Maia is a senior at Duke, majoring in Economics and Computer Science. Ron is a graduate student at Harvard's John F. Kennedy School of Government. Andy Seamons, Kathy Shelley, and Geoff Somes also provided important help with production of the volumes. The cover was designed by the Division of Audiovisual Education, Duke University, and the volumes were printed by Muprint, Inc., New York.*

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# INTERNATIONAL ECONOMICS READING LISTS

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\* \* \*

U = Undergraduate G = Graduate  
R&E = Reading Lists & Exams and/or Problems

BOSTON COLLEGE  
Department of Economics

U

International Trade Theory and Policy

Economics 471 Spring 1988  
Prof. Anderson

The purpose of this seminar is to teach participants to think clearly about the major issues of international economic policy on commodity and factor markets. We will cover such issues as "industrial policy", or the "new protectionism", deficit policy and trade policy, controls on capital export or import, and controls on immigration.

The seminar is designed topically, but will in each case reach for a thorough understanding of the economic theory available to make sense of the issue. We will also attempt to develop the relevant empirical evidence where it is available.

A major element in learning, and, of course, grading will be seminar participation. A major part of this will be presentation by students of prepared material, counting for about 1/3 of the grade. This will ordinarily be a lecture/discussion leading performance on material discussed with me. Another 1/3 will be based on a term paper, due on the last day of class. Besides the usual type of term paper, I am also very interested in developing the use of a new teaching tool. It is based on the Mac software application Hypercard. I will encourage and accept term papers which present information or teach concepts using this application. Late papers will not be accepted unless an extension is negotiated prior to the last day. Extensions will be granted only under the most extraordinary duress. The final 1/3 of the grade will be based on a written final exam (in the assigned final exam date).

There is no text for the course. We shall frequently refer to chapters in Caves and Jones, World Trade and Payments, 3rd Ed. Two other noteworthy undergraduate texts are:

J.D. Richardson, Understanding International Economics  
W.J. Ethier, Modern International Economics

A notable graduate text is:

J. Bhagwati and T.N. Srinivasan, Lectures in International Trade

A nice right-wing treatment of the political economy of protectionism is:

L. Yeager and D. Tuerck, *Foreign Trade and U.S. Policy*.

A convenient source of data on trade is the World Bank's publications, and the IMF's *World Economic Outlook* series

Other advanced sources of recent thought on policy are:

J. Bhagwati, ed. *Import Competition and Response*, NBER, 1982.

R. Baldwin and A. Krueger, eds, *The Structure and Evolution of Recent US Trade Policy*, NBER, 1984.

We also will refer to papers in the North-Holland Handbooks of International Economics and Public Finance

## Syllabus

### I. Political Economy

#### A. Recent History

R. Baldwin, lead essay in Baldwin-Krueger

#### B. Analytical Elements

##### 1. Values

##### 2. Ideology

#### A. Classical Liberal

Yeager-Tuerck, chs 1 and 2

#### B. Modern Liberal, or Limited Welfare Statist

Richardson, chs. 9-11, esp. 10

#### C. Socialist, or Unlimited Welfare Statist

Thurow, Reich, et al.

### 3. Positive Analysis

#### Toward a Theory of Political Economy

R. Baldwin, "The Political Economy of Protection", ch. 10 of

Bhagwati, ed., *Import Competition and Response*

W. Mayer, "Endogenous Tariff Formation", *Am. Econ. Rev.*, 1984, Dec., 970-985.

## II. The Explanation of Trade in Commodities

### A. Some Facts

World Bank Report on World Economic Outlook, Appendix B,  
Tables 8–15.

United Nations Commodity Trade Statistics

### B. Theory of Comparative Advantage

Caves–Jones, chs 3,5–7; or Ethier, chs 1,3

### C. Empirical Evidence

mimeo material to be handed out

Leamer, Bowen, & Sveikauskas, AER, Dec, 1987.

Alan Deardorff "Testing Trade Theories and Predicting Trade  
Flows", ch. 10 in North–Holland Handbook (xerox on reserve)  
esp. pp 1–37.

### D. Exchange Rates and Temporary Advantage

Notes to be distributed.

### E. Imperfect Competition

Helpman , ch 7 of Handbook of International Trade

## III. The Theory and Practice of Protection

### A. Pure Tax Incidence Analysis

Caves–Jones ch 11

Dixit, A. "Tax Policy in Open Economies" in the

NorthHolland Handbook (xerox on reserve) modern public finance  
approach

### B. Tariffs vs. Quotas

Anderson, ch 1 of The Relative Inefficiency of Quotas

### B. Some Empirical Measures

Baldwin, R.E. , J. Mutti, And J.D. Richardson, "The Welfare

Effects on the U.S. of a Significant Multilateral Tariff Reduction", Journal  
of International Economics, August, 1980.

Tarr and Morkre, Aggregate Costs to the US of Tariffs and Quotas on  
Imports, FTC, 1984.

Case studies for Autos, Steel, Sugar, Textiles.



G. Hufbauer et al have an extensive list of case studies published by the Institute for International Economics.

C. Valid and Invalid Arguments for Protection

Ethier, ch. 6

Bhagwati, ed. Import Competition and Response, chs. 1,3,4,

D. Adjustment and Empirical Realities

Bhagwati, ed. Import Competition and Response, chs. 11,12  
also possibly ch 6

IV. The Theory and Practice of Factor Migration Control

A. Capital

Caves-Jones ch. 10

B. Labor

Bhagwati-Srinivasan, ch. 29. Handout.

University of California at Berkeley  
DEPARTMENT OF ECONOMICS

FALL 1990  
PROFESSOR P. BARDHAN

ECONOMICS 280A  
INTERNATIONAL ECONOMICS

Course Requirement:

A three-hour closed-book exam in the final exam period.

Textbooks:

In my lectures I shall not follow any particular book. However selected chapters in either of the following two textbooks should cover most of the topics to be discussed in class. Neither of these textbooks is required.

1. J. Bhagwati and T.N. Srinivasan, Lectures on International Trade, MIT Press, 1983. (Most of the book except Chapters 12, 22-24, 27, 29, 30-32).
2. R. Jones and P. Kenen (eds.), Handbook of International Economics, North Holland, Vol. 1 (Chapters 1-4, 7, 10 and 11).

Apart from these textbooks, you may find International Trade: Selected Readings, edited by J. Bhagwati, MIT Press, (2nd ed.) 1987, a useful collection of articles.

Suggested Readings on Specific Topics

- A. Theory of Comparative Advantage: The Ricardian Model
  - i. Textbook 1, Chapters 2-4.
  - ii. Textbook 2, Chapters 1 and 10.
  - iii. Dornbusch, Fischer & Samuelson, American Economic Review, December 1977.
- B. Factor Endowments and Pattern of Trade and Specialization
  - i. Textbook 1, Chapters 5-7.
  - ii. Textbook 2, Chapters 1, 3, and 10.
  - iii. Bowen, Leamer & Sveikauskas, American Economic Review, December 1987.
- C. New Technology, Product Differentiation, Scale Economies and Trade Patterns
  - i. Textbook 1, Chapters 8 and 26.
  - ii. Textbook 2, Chapter 7.
  - iii. Dixit and Norman, Theory of International Trade, Chapter 9.
  - iv. Krugman, Journal of Development Economics, October 1987.
  - v. Kierzkowski (ed.), Monopolistic Competition and International Trade, Chapters 3 and 5.
  - vi. Panagarya, Journal of International Economics, February 1986.

- D. Trade, Factor Prices and Income Distribution
- i. Textbook 2, Chapters 1 and 3.
  - ii. Dixit and Norman, Chapter 4.
  - iii. Jones, International Trade: Essays in Theory, Chapter 18.
  - iv. Bardhan, Economic Growth, Development and Foreign Trade, Appendix to Chapter 1.
- E. Protection and Income Distribution
- i. Textbook 2, Chapter 3.
  - ii. Textbook 1, Chapter 33.
  - iii. Jones, Journal of Political Economy, October 1977.
  - iv. Corden, Trade Policy and Economic Welfare, Chapter 5.
  - v. Bhagwati (ed.), Import Competition and Response, particularly papers by Findlay-Wellisz and Baldwin.
  - vi. Mayer, American Economic Review, December 1984 (reprinted in Selected Readings, Chapter 19).
- F. Economic Growth and Trade
- i. Textbook 2, Chapter 4.
  - ii. Bardhan, Economic Growth, Development and Foreign Trade, Chapters 1 and 4.
  - iii. Ocampo, Journal of Development Economics, June 1986.
  - iv. Grossman and Helpman, "Comparative Advantage and Long-run Growth", NBER Working Paper 2809, American Economic Review, forthcoming.
  - v. Helpman, "The Non-competitive Theory of International Trade and Trade Policy", World Bank Economic Review and World Bank Research Observer, Supplement 1989.
- G. Trade, Protection and Economic Welfare
- i. Helpman and Krupman, Trade Policy and Market Structure, Chapters 2, 3 and 5.
  - ii. Textbook 1, Chapters 9-11, 13-21.
  - iii. Textbook 2, Chapters 2 and 11.
  - iv. Baldwin and Richardson (eds.), International Trade and Finance Readings, (3rd edition), Chapters 8, 10, 15 and 16.
  - v. Eaton and Grossman, Quarterly Journal of Economics, May 1986 (reprinted in Selected Readings, Chapter 11).
- H. Multinational Corporations and Trade Theory
- i. Helpman and Krugman, Market Structure and Foreign Trade, Chapters 12 and 13.
  - ii. Bardhan, Journal of Political Economy, October 1982.
  - iii. Svejnar and Smith, Quarterly Journal of Economics, February 1984.
  - iv. Ethier, Quarterly Journal of Economics, November 1986.

...

# University of North Carolina at Chapel Hill

## Economics of European Integration Syllabus - Fall 1988

Econ 160

Prof. Stanley W. Black  
Gardner 200C  
Office Hours: TTh 2-3:30

### I. Course Materials

- A. Textbook: Swann, The Economics of the Common Market (Penguin, 5th ed., 1984, paper)
- B. Readings: El Agra, (ed.) The Economics of the European Community (on reserve)
- C. Course-Pak (Available at Kinko's).
- D. Periodicals: The Economist, European Affairs, Journal of Common Market Studies, Bulletin of the European Communities (BA/SS)

- II. Course Requirements: A 10-15 page paper, due Nov. 15. Topic to be approved by Oct. 13. Mid-term exam Oct. 18. Final Exam.

### III. Course Outline

\* indicates optional readings

#### 1. Political and Economic Concepts of Integration

Taylor, The Limits of European Integration, Ch. 1, (Course-Pak)  
Pinder, "Problems of European Integration," in G. R. Denton (ed.)  
Economic Integration in Europe (Course-Pak)  
\*Lindberg, The Political Dynamics of European Economic Integration,  
Ch. 1-3

#### 2. The History of European Integration

Mayne, The Community of Europe, Ch. 1-4 (Course-Pak)  
Swann, Ch. 1

#### 3. The Institutional Framework and the Budget

Swann, Ch. 2-3  
Lodge, "The Single European Act," JCMS (Mar. 1986) (Course-Pak)  
\*Clark, The Politics of the Common Market  
\*El Agra, Ch. 2, 12

#### 4. The Theory and Effects of the Customs Union

Swann, Ch. 4  
\*Robson, The Economics of International Integration, Ch. 2-4  
\*Vaulont, The Customs Union of the EEC  
\*El Agra, Ch. 4-5

## 5. Barriers to Completion of the International Market

Swann, Ch. 5

Peikmans and Robson, "The Aspirations of the White Paper," JCMS  
(March 1987) (Course-Pak)

\*El Agra, Ch. 11

### Mid-Term Exam

## 6. Movements of Capital and Labor

Swann, Ch. 6

\*El Agra, Ch. 16

## 7. Monetary Integration

Swann, Ch. 7

Cohen, Melitz, and Oudiz, "The EMS and the Franc-Mark Asymmetry"  
(June 1988) (Course-Pak)

\*El Agra, Ch. 9-10

## 8. The Unemployment Problem

Lawrence and Schultze, Barriers to European Growth, "Overview"  
(Course-Pak)

Krugman, "Slow Growth in Europe: Conceptual Issues," in Barriers to European Growth (Course-Pak)

Fitoussi and Phelps, "Causes of the 1980s Slumps in Europe,"  
Brookings Papers on Economic Activity (1986:2) (Course-Pak)

## 9. Regional and Social Policies

Hodges and Wallace, Economic Divergence in the European Community,  
Ch. 1-2 (Course-Pak)

Swann, Ch. 9

\*Hu, Europe Under Stress: Convergence and Divergence in the EEC

\*El Agra, Ch. 13, 15

## 10. The Common Agricultural Policy

Swann, Ch. 8, pp. 206-31

\*El Agra, Ch. 7

## 11. Industrial Transport, and Energy Policies

Swann, Ch. 8, pp. 231-62, Ch. 10

\*El Agra, Ch. 6, 8, 14

## 12. External Policies vis-a-vis the US, Comecon, and the Third World

Swann, Ch. 11

\*Holland, Uncommon Market: Capital, Class, and Power in the EEC

\*Galtung, The European Community: A Super Power in the Making

\*El Agra, Ch. 17

### 13. Enlargement of the EC

EC Commission, The Second Enlargement of the EC (Course-Pak)  
Musto, "Structural Implications," in Seers and Vaitos, The Second Enlargement of the EC (Course Pak)

- \*Tsoukalis, The EC and its Mediterranean Enlargement
- \*Edwards and Wallace, A Wider European Community? Issues and Problems of Further Enlargement

#### Econ 160: Course-Pack Table of Contents

1. Taylor, The Limits of European Integration, Ch. 1, "The Concept of Community and the Gradualist Process of Integration"
2. Pinder, "Problems of European Integration," in G. R. Denton (ed.), Economic Integration in Europe
3. Mayne, The Community of Europe, Ch. 1-4
4. Lodge, "The Single European Act: Towards a New Euro-Dynamism?" Journal of Common Market Studies (March 1986)
5. Pelkmans and Robson, "The Aspirations of the White Paper," Journal of Common Market Studies (March 1987)
6. Cohen, Melitz, and Oudiz, "The European Monetary System and the Franc-Mark Asymmetry," Centre for Economic Policy Research (June 1988)
7. Lawrence and Schultze (eds.), Barriers to European Growth, "Overview"
8. Krugman, "Slow Growth in Europe: Conceptual Issues," in Barriers to European Growth
9. Fitoussi and Phelps, "Causes of the 1980s Slump in Europe," Brookings Papers on Economic Activity (1986:2)
10. Hodges and Wallace (eds.), Economic Divergence in the European Community, Ch. 1-2
11. EC Commission, The Second Enlargement of the European Community
12. Musto, "Structural Implications," in Seers and Vaitos (eds.), The Second Enlargement of the EEC

University of North Carolina at Chapel Hill  
Economics 262  
International Monetary Economics  
Spring 1990

G

Professor Stanley Black  
200C Gardner Hall

Books and Journals used frequently are referred to as follows:

<u>Handbook</u>	Jones and Kenen (eds.) <u>Handbook of International Economics</u> , Vol. 2 (avail. in bookstore)
Dornbusch	<u>Open Economy Macroeconomics</u> (Basic, 1980)
Meade	<u>The Balance of Payments</u> (Oxford, 1953)
Mundell	<u>International economics</u> (Macmillan, 1968)
RIE	Caves and Johnson (eds.) <u>Readings in International Economics</u> (AEA, 1968)
AER	<u>American Economic Review</u>
CJE	<u>Canadian Journal of Economics</u>
IMFSP	<u>IMF Staff Papers</u>
JDE	<u>Journal of Development Economics</u>
JIE	<u>Journal of International Economics</u>
JIMF	<u>Journal of International Money and Finance</u>
JPE	<u>Journal of Political Economy</u>
QJE	<u>Quarterly Journal of Economics</u>
SJE	<u>Scandinavian Journal of Economics</u>

Requirements: Mid-term and Final Examination

\* indicates optional reading

I. Balance of Payments

Dornbusch, ch. 2  
McKinnon, Money In International Exchange Oxford 1979,  
ch. 1,3,4

\*Meade, ch. 1-3

II. Current Account Adjustment

A. Elasticity approach

Handbook, ch. 13, Kenen, sec. 3.1-3.3

\*Haberler, "The Market for Foreign Exchange and the Stability of the Balance of Payments," Kyklos 1949, 3:193-218

Dornbusch, "Exchange Rates and Fiscal Policy in a Popular Model of International Trade," AER 1975, 65:859-871

\*Meade, ch. 6

Armington, "A Theory of Demand for Products Distinguished by Place of Production," IMFSP 1969, 26:159-178

\*Handbook, ch. 20, Goldstein and Khan, "Income and Price Effects in Foreign Trade"

B. Absorption approach

Handbook, ch.13, Kenen, sec. 3.4-3.5

Johnson, "Towards a General Theory of the Balance of Payments," RIE

\*Alexander, "Effects of Devaluation on a Trade Balance", RIE

\*Meade, ch. 4-5

\*Laursen and Metzler, "Flexible exchange rates and the theory of employment," REStat 1950, 32:281-299

Dornbusch, pp. 78-81

- C. Monetary approach
    - Handbook, ch. 14, Frenkel and Mussa, sec. 3
    - Dornbusch, ch. 7
    - \*Mundell, "Barter Theory and the Monetary Mechanism of Adjustment," Mundell, ch. 8
    - Polak and Argy, "Credit Policy and the Balance of Payments," IMFSP 1971, 18:1-24
  - D. Nontraded goods
    - Handbook, ch. 16, Bruce and Purvis, sec. 1-2.
    - Dornbusch, ch. 6
    - \*Salter, "Internal and External Balance: The Role of Price and Expenditure Effects," Economic Record 1959, 35:226-38
    - Corden and Neary, "Booming Sector and De-industrialization in a Small Open Economy," Economic Journal 1982, 92: 825-848
- III. Capital Account Adjustment
- A. Fleming-Mundell approach
    - Handbook, ch.13, Kenen, sec. 4
    - Mundell, "The International Disequilibrium System," Kyklos 1961, 14:154-172 or Mundell, ch 15
    - \*Swan, "Longer-Run Problems of the Balance of Payments," RIE
    - \*Meade, ch. 8-10
    - \*Handbook, ch. 16, Bruce and Purvis, sec. 3-5.
  - B. Intertemporal approach
    - Frenkel and Razin, Fiscal Policies and the World Economy, MIT Press 1987, ch. 5-6
  - C. Portfolio approach
    - Handbook, ch. 15, Branson and Henderson, sec. 2
    - \*Black, International Money Markets and Flexible Exchange Rates, Princeton Studies in International Finance No. 32, 1973, ch. 1-4
    - \*Branson, "Stocks and Flows in International Monetary Analysis," in Ando, Herring, and Marston, (eds.) International Aspects of Stabilization Policies 1974, Federal Reserve Bank of Boston
    - Frankel, "In Search of the Exchange Risk Premium: A Six Currency Test Assuming Mean-Variance Optimization," JIMF 1982, 1:255-274
  - D. Market efficiency and risk aversion
    - Handbook, ch. 19, Levich, "Empirical Studies of Exchange Rates"
    - \*Frankel, "The Diversifiability of Exchange Risk", JIE 1979,
    - \*Hansen and Hodrick, "Risk Averse Speculation in the Forward Foreign Exchange Market," in Frenkel, 1983
    - Froot and Frankel, "Forward Discount Bias: Is it an Exchange Risk Premium?" QJE 1989, 104:
  - E. Exchange rate dynamics
    - Dornbusch, "Expectations and Exchange Rate Dynamics," JPE 1976, 84:1161-1176
    - Kouri, "Balance of Payments and the Foreign Exchange Market," in Bhandari and Putnam (eds.) Economic Interdependence and Flexible Exchange Rate MIT press, 1983
    - \*Handbook, ch. 18, Obstfeld and Stockman



#### IV. Monetary and Fiscal Policy

##### A. Effectiveness

Handbook, ch. 17, Marston, sec. 1-5

\*Mundell, "Capital Mobility and Stabilization Policy under Fixed and Flexible Exchange Rates," Mundell, ch. 18 or CJE 1963, 29:475-485

##### B. Assignment problem

Mundell, "The Monetary Dynamics of International Adjustment under Fixed and Flexible Exchange Rates," CJE 1960, 74:227-257 or Mundell, ch. 11

Korkman, "Exchange Rate Policy in Relation to Internal and External Balance," SJE 1977, 79

##### C. Intertemporal approach

Frenkel and Razin, Fiscal Policies and the World Economy, ch. 7

##### D. Optimal exchange rate policy

Roper and Turnovsky, "Optimal Exchange Market Intervention in a Simple Stochastic Macro Model," CJE 1980, 13:296-309

Henderson, "Exchange Rate Intervention Operations," in Bilson and Marston (eds.) Exchange Rate Theory and Practice NBER, 1984

Black, "The Effect of Alternative Intervention Policies on the Variability of Exchange Rates: the Harrod Effect," in Bhandari (ed.) Exchange Rate Management Under Uncertainty MIT Press, 1985

##### E. Alternative exchange rate arrangements

Tower and Willett The Theory of Optimum Currency Areas and Exchange Rate Flexibility Princeton Special Paper in International Finance No. 11, 1976

Giavazzi and Giovannini, Limiting Exchange Rate Flexibility: The EMS, MIT Press 1989

Black, "Exchange Rate Policies for Less Developed Countries in a world of Floating Rates," Princeton Essays in International Finance No. 119, 1976

Lipschitz, "Exchange Rate Policy for a Small, Developing Country," IMFSP 1979, 26:423-449

Williamson, "A Survey of the Literature on the Optimal Peg," JDE 1982, 11:

##### F. Policy coordination

Hamada, The Political Economy of International Monetary Interdependence, MIT Press 1985, ch. 4

Handbook, ch. 23, Cooper, sec. 5

##### G. International monetary arrangements

Handbook, ch. 22, Black

Black, "Transactions Costs and Vehicle Currencies," IMF Working Paper 89/96, November 21, 1989

Edison, Miller, and Williamson, "Evaluating the Extended Target Zone Proposal," Journal of Policy Modeling, 1987, 9:199-224