

# Preface

This book has evolved from lectures given to graduate students at the University of Toronto. The four topics treated, currency crises and contagion, international economic policy coordination, currency unions, and sovereign debt, are central to international macroeconomics and finance. Thus, every student in this field should be familiar with the principal models in these four areas, and be able to work through their derivation and understand their implications. The purpose of this book is to provide students a basis for doing so, as well as explaining the relevance of the various models to events in the international monetary and financial system. The book includes discussion of a number of episodes, where the models help to understand events — in particular the currency crises of the 1990s, episodes of monetary policy coordination among G-7 countries, the tension between monetary and fiscal policies within the euro zone, and third world debt issues. In this I draw on my experience at the International Monetary Fund, which was in the front line of the 1980s debt crisis and the 1990s currency crises, and at the OECD during the 1970s and early 1980s, when that institution played an important role in giving advice on international economic policy coordination to its member countries. I also contributed to the IMF's policy advice

to countries that were members of currency unions, principally the euro zone and the CFA franc zone in Africa.

The book is aimed at graduate students who have studied international macroeconomics and are familiar with calculus and game theory. In addition, it is hoped that practitioners who want a unified treatment of the models of international finance and a discussion of their relevance to the major events of the last half century in the international financial arena will find this book useful.