

Springer Texts in Business and Economics



Giancarlo Gandolfo

International Finance and Open-Economy Macroeconomics

With contributions by Daniela Federici

Second Edition

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*To the memory of my father
Edgardo Gandolfo*

Preface

Following standard practice in international economics, I have always treated the theory of international trade separately from international finance, thus writing my *International Economics* textbook as a two-volume course (Vol. 1 on the theory of international trade and Vol. 2 on international monetary theory). This text had two editions, several reprints, and translations in other languages. However, the different pace of the revisions of the two volumes suggested to make them self-contained and independent from each other. The volume covering trade was published in 1998 (second edition 2014) under the title *International Trade Theory and Policy*. This is the second edition of the volume covering international finance (the first edition was published in 2001). This new edition contains a wealth of additional material that has been introduced thanks to the suggestions of colleagues and students and to the comments contained in book reviews. All has been thoroughly classroom tested in both undergraduate and graduate courses in various universities in Italy and other countries.

In the Preface to the first edition (1986) of *International Economics*, I wrote:

There is no lack of good international economics textbooks ranging from the elementary to the advanced, so that an additional drop in this ocean calls for an explanation. In the present writer's opinion, there seems still to be room for a textbook which can be used in both undergraduate and graduate courses, and which contains a wide range of topics, including those usually omitted from other textbooks. These are the intentions behind the present book, which is an outcrop from undergraduate and graduate courses in international economics that the author has been holding at the University of Rome 'La Sapienza' since 1974, and from his ongoing research work in this field.

Accordingly, the work is organised as two-books-in-one by distributing the material between text and appendices.

The treatment in the text is directed to undergraduate students and is mainly confined to graphic analysis and to some elementary algebra, but it is assumed that the reader will have a basic knowledge of economics. Each chapter has a mathematical appendix, where (i) the topics treated in the text are examined at a level suitable for advanced undergraduate or first-year graduate students, and (ii) generalizations and/or topics not treated in the text (including some at the frontiers of research) are formally examined.

The text is self-contained, and the appendices can be read independently of the text and can, therefore, also be used by students who already know 'graphic' international economics and want to learn something about its mathematical counterpart. Of course the connections between text and appendices are carefully indicated, so that the latter can be