

International Monetary System

Organization of Lecture

- **ALTERNATIVE EXCHANGE RATE SYSTEMS**
- **A BRIEF HISTORY OF THE INTERNATIONAL MONETARY SYSTEM**
- **THE EUROPEAN MONETARY SYSTEM**
- **Costs and benefits of a single currency**

Alternative Exchange Rate Systems

- *Overview* : If people who don't ordinarily use the same currency are going to trade, there must be some way of exchanging currency. (If you want a Porsche, you've got to get German marks, or now the euro). There are an enormous number of exchange rate systems, but generally they can be sorted into one of these categories
 - Freely Floating
 - Managed Float
 - Target Zone
 - Fixed Rate
 - Hybrid