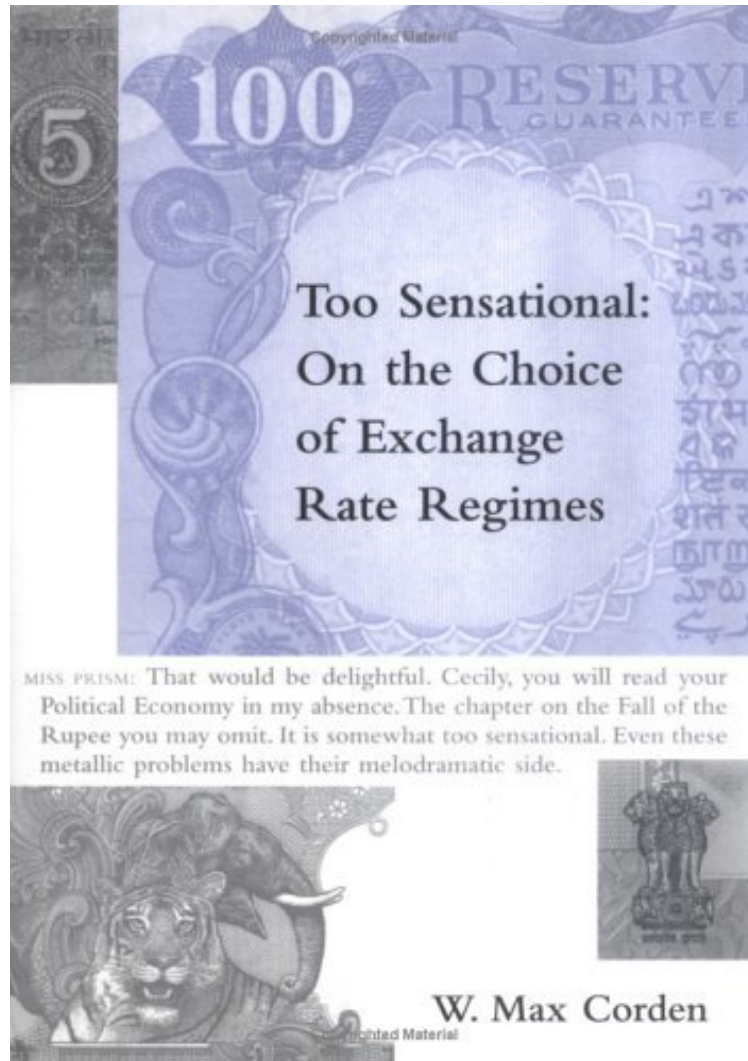


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Too Sensational: On the Choice of Exchange Rate Regimes (Ohlin Lectures)

W. Max Corden

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W. Max Corden : Too Sensational: On the Choice of Exchange Rate Regimes (Ohlin Lectures) before purchasing it in order to gauge whether or not it would be worth my time, and all praised Too Sensational: On the Choice of Exchange Rate Regimes (Ohlin Lectures):

Most of the literature on exchange rate regimes has focused on the developed countries. Since the recent crises in emerging markets, however, attention has shifted to the choice of exchange rate regimes for developing countries, especially those that are more integrated into the world capital markets. In Too Sensational, W. Max Corden presents a

systematic and accessible overview of the choice of exchange rate regimes. Reviewing many types of regimes, he shows how the choice of an exchange rate regime is related to both fiscal policy and trade policy. Building on the theory of optimum currency areas, Corden develops an analytic framework of three approaches (nominal anchor, real targets, and exchange rate stability) and three polar exchange rate regimes (absolutely fixed, pure floating, and fixed but adjustable). He considers all other regimes to be mixtures of two or three of the polar regimes. Beginning with theory and later turning to case studies of countries in Asia, Europe, and Latin America, Corden focuses on how economies react to negative and positive shocks under various exchange rate regimes. He examines in particular the Asian and Latin American currency crises of the 1990s. He concludes that although "too sensational" crises have discredited fixed but adjustable regimes, the extremes of absolutely fixed regimes or pure floating regimes need not be chosen.

Corden's book is full of wisdom and original contributions...a masterpiece. (The World Economy) Most compellingly, Corden conveys why the choice of exchange-rate regime matters to governments. (Foreign Affairs) If anyone can make sense of the debate over the choice of exchange rate regime, Max Corden can. Transparency of argument and comprehensiveness of treatment, two Corden trademarks, are amply in evidence here. Not everyone will agree with his conclusion that the exchange-rate spectrum is being hollowed out, leaving hard pegs and managed floats as the only viable alternatives -- although I for one find the case fully convincing. But any economist or policy maker seeking to understand the issues will want to take a long look at this book. (Barry Eichengreen, University of California, Berkeley) Choosing an appropriate exchange rate policy is one of the most important and one of the most vexing decisions each country must make. Max Corden provides a superb treatment of the many issues and complex considerations that are involved in making a rational choice -- and of the risks involved in any particular choice -- drawing on both careful economic reasoning and experience garnered from around the world. (Richard N. Cooper, Boas Professor of International Economics, Harvard University) This is a terrific book! It is very well written and provides a lucid and comprehensive analysis of exchange rate policy options. The theory is sound and the case studies are very insightful. Every chapter is full of lessons for policy makers, central bankers, and international investors. This volume will become an instant classic; it should be read by academics as well as by practitioners. (Sebastian Edwards, Henry Ford II Professor of International Economics, University of California, Los Angeles) About the Author W. Max Corden is Emeritus Professor of International Economics at the Paul H. Nitze School of Advanced International Studies at Johns Hopkins University and Professional Fellow in the Department of Economics at the University of Melbourne, Australia.