Absolutely-fixed regime, 21–23, 28, 37, 57–58, 63, 106, 129, 169, 175 Adjustable peg regime, 41 Anchor currency, 4 Appreciation, real, 102–105, 118 Argentina, 2, 17, 23, 65–66, 108–111, 140–141, 147, 179–193, 256–257 Asia, 97, 98, 117, 122–131, 195, 219, 247–248, 252	Calvo-Hausmann argument, 129–131 Canada, 25–26 Capital long-term flow of, 42 mobility of, 3, 15, 36–38, 42, 47, 55, 230 Chaebol, 211 Chile, 111, 155–161 China, 143, 219–220, 258 Communauté Financière Africaine
Balance, external, 44, 251 Balassa-Samuelson effect, 235	zone, 65, 112 Consolidation, fiscal, 110–111
Banks, central, 31, 48, 72, 183–185, 232, 238	Crawling peg regimes, 24, 74–76, 111
Band, basket, crawling peg (BBC), 241 Barro-Ricardo complication,	active, 2, 64, 74–76, 109–110, 156–158, 162, 171, 245, 246, 248, 257
100–101	passive, 74–76, 110, 158, 173
Bimetallic standard, 11	Credit, short-term, 229
Bonds, domestic, 56, 25 Borrowing foreign, 128, 130, 160	Currency areas feasible, 135–137, 141–143 optimum 92, 133–134, 227, 244
short-term, 222–223, 254 unhedged foreign-currency- denominated, 117, 122, 125–131, 163, 166, 192, 198–199, 254–257 Bretton Woods regime, 9, 12–15, 41,	Currency board regimes, 2, 15, 23, 62–68, 112, 129, 134, 136, 168–171, 179, 190–193, 208–209, 212, 223–225, 249 Customs union, 240–241
43, 46, 51, 147, 227, 230	Czech Republic, 241

Deficits budget, 110, 112, 156 current-account, 159, 162, 168, 172, fiscal, 106-112, 164, 166, 171-172, 180, 182, 184, 253 Deflation, 10-11 Depreciation, nominal, 136 Deutsche Mark, 15, 56, 61, 72, 157, 233 Devaluation, 44-45, 48, 107, 113, 117–131, 136, 146, 169 Developing countries, 3, 43–44 crises in, 18 liberalization and, 146, 148 regime choice in, 255-256 Diaz-Alejandro, Carlos, 118, 121 Dollar, 4, 24, 29, 78 Dollarization, 22, 62, 67, 117, 129, 169-170, 188-190, 212, 223 Dominance, fiscal, 109 Dutch disease, 97, 102–106, 159, 253

East Germany, 73, 243 Emerging markets, 18, 258 Euro, 4, 5, 24, 233, 238 European Monetary System, 9, 15-16, 51, 70, 148, 227-231, 245, 246 European Monetary Union, 4-5, 15-17, 34, 61, 135, 141, 144, 227, 231–233, 236–241, 244, 248, 256 European Union, 143-145 Exchange-Rate-Based Stabilization Program, 162, 172, 182, 256 Exchange rates floating, 15, 34, 110 nominal, 84, 251 real, 83 Exchange Rate Stability Approach, 1, 21, 29-32, 36-38, 70, 135-138, 147-152, 228, 229, 239-240

Federal Reserve Board, European, 31 Fiscal policy, 95–114, 184–185, 254 Fixed-but-adjustable regime (FBAR), 1-4, 41-58, 108-113, 129-131, 155-177, 195-238, 241, 245-249, 252-259 Fixed exchange rate regime, 98, 105, 133-134, 142, 144 Flexible exchange rate regime, 96, 104–105, 108, 133, 174 Flexible peg regime, 68–69, 249–250 Floating rate regimes, 15, 18, 29, 30, 33, 37, 61, 67, 105–106, 112, 129–131, 148, 157, 164, 239 Foreign direct investment, 212-215, 218, 222 Foreign exchange reserves, 23, 47-50, 113, 252 Franc fort policy, 229 Functional finance, 2–3, 97–106, 125, 158, 186-187

German Monetary Union, 242–244 Gold standard, 9–14, 65, 163

Hedging, endogenous, 130–131 Hong Kong, 2, 66, 223–225

In-between regimes, 22 India, 220-223 Indonesia, 29, 204–209, 248 Inflation, 10–11, 25–26, 32–34, 45, 157, 170, 173, 176, 191, 238-241, 257 Informal regime, 78 Instability, fiscal, 106–108 Integration, monetary, 16, 149-152, Interest rates, 47, 54 International Monetary Fund, 6, 18, 26, 57, 164, 166, 211 Intervention foreign-exchange, 55 non-sterilized, 52–56 sterilized, 52-56, 163, 253

Investment, 101 Ireland, 228, 232–238

Jamaica Agreement, 15 Japan, 4–5, 148, 197, 255

Keynes, John Maynard, 13 Korea, 124, 126, 209–212, 248

Labor, international mobility of, 92 Large economies, 139–143, 255–256 Lender of last resort, 184, 225

Maastricht Treaty, 17, 231, 239
Malaysia, 212–219, 248
Managed floating regime, 22, 61–63, 69–70, 78–80, 238, 250, 253
Menem, Carlos, 180
Mexico, 161–171
Misalignments, 72
Monetarism, 17–18
Monetary union, 22, 129, 139, 240
Money supply
stabilization of, 54
sterilization of, 53

Netherlands, 143 New Zealand, 25–26 Nominal Anchor Approach, 1, 13, 21–26, 32–34, 67, 111, 134–135, 156–159, 229, 239 Nontradables, 102, 137 North American Free Trade Agreement, 162

Ostmark, 242

Pegged rate regime, 61–63, 76–79 Pegging, 76–77 Pegs, 63 Philippines, 195

Pinochet Ugarte, Carlos, 156

Polar exchange rate regimes, 56–57 Portfolio balance model, 3, 54 Pure floating regime, 1, 21, 23, 25, 27, 44, 56

Real Targets Approach, 1, 21, 26–28, 31–36, 57, 83–93, 135, 137, 159, 191, 227
Recession, 117, 118, 156, 225, 251
Regime choice, 9, 255–258
Russia, 109

Seigniorage, 67, 189 Shocks asymmetric, 133, 138-145, 170, 174, 179, 227-230 negative, 85–86, 92, 93, 97–101, 104, 117, 137, 186, 250–252 positive, 102-104 Silver standard, 10, 11 Small economies, 4, 133, 136, 141-143, 255-256 Soros, George, 245–246 Southern Cone, 17 Speculation, 37, 48-51 Stability, 48 Stabilization, 157, 171, 182, 257 Sterilization, 159, 224 Superior judgment hypothesis, 72 Surplus, fiscal, 99

Tablita, 64, 74, 76, 246, 248
Target zone (band) regime, 22, 62, 63, 70–74, 157, 159
Thailand, 124, 126, 196–208, 248
Tradable and nontradable sectors, 102
Trade, 144–152
Transition countries, 17–19

United Kingdom, 10–12, 25, 26, 34, 238–239, 246 United States, 4–5, 11, 255

Unremunerated Deposit Requirement, 160–163

Vanishing intermediate regime, 250

Wages, 27–28, 92, 225, 243 nominal, 28, 136 real, 28, 136, 171

Yen, 15, 29, 56, 72