

Index

A

AA curve

11.1: Overview of the AA-DD Model

autonomy

9.4: Central Bank Independence

B

balance of payment crisis

14.1: Overview of Policy with Fixed Exchange Rates

balance of payment deficit

13.1: Overview of Fixed Exchange Rates

balance of payment surplus

13.1: Overview of Fixed Exchange Rates

base money

9.1: America's Central Banks

Ben Bernanke

7.5: Controlling the Money Supply

Bretton wood system

13.2: Fixed Exchange Rate Systems

Bretton Woods Conference

1.5: International Macroeconomic Institutions- The IMF and the World Bank

business cycle

1.4: Business Cycles- Economic Ups and Downs

C

capital controls

1.5: International Macroeconomic Institutions- The IMF and the World Bank

capital flight

14.1: Overview of Policy with Fixed Exchange Rates

14.6: Currency Crises and Capital Flight

central bank

9.1: America's Central Banks

certificate of deposit

4.3: Calculating Rate of Returns on International Investments

ceteris paribus

5.2: Comparative Statics in the IRP Theory

consumer price index (CPI)

6.1: Overview of Purchasing Power Parity (PPP)

6.2: The Consumer Price Index (CPI) and PPP

contractionary fiscal policy

12.1: Overview of Policy with Floating Exchange Rates

contractionary monetary policy

7.5: Controlling the Money Supply

12.1: Overview of Policy with Floating Exchange Rates

creditor country

2.8: International Investment Position

currency appreciation

4.2: Exchange Rate- Definitions

currency depreciation

4.2: Exchange Rate- Definitions

current account

2.4: Balance of Payments Accounts- Definitions

D

DD curve

11.1: Overview of the AA-DD Model

debtor country

2.8: International Investment Position

demand for liquidity

7.6: Money Demand

devaluation

14.1: Overview of Policy with Fixed Exchange Rates

discount rate

7.5: Controlling the Money Supply

disposable income

8.1: Overview of National Output Determination

district banks

9.2: The Federal Reserve System's Structure

dollarization

9.1: America's Central Banks

13.1: Overview of Fixed Exchange Rates

domestic spending

3.3: The National Welfare Effects of Trade Imbalances

E

economic recession

1.4: Business Cycles- Economic Ups and Downs

exchange rate (ER)

4.2: Exchange Rate- Definitions

exchange rate mechanism

15.3: Inflationary Consequences of Exchange Rate Systems

exchange rate overshooting

12.2: Monetary Policy with Floating Exchange Rates

exchange rate risk

15.2: Exchange Rate Volatility and Risk

expansionary fiscal policy

12.1: Overview of Policy with Floating Exchange Rates

expansionary monetary policy

7.9: Effects of a Money Supply Increase

12.1: Overview of Policy with Floating Exchange Rates

F

federal funds rate

7.5: Controlling the Money Supply

Federal Reserve Bank

7.4: Money Supply Measures

financial account

2.4: Balance of Payments Accounts- Definitions

fixed exchange rate

1.3: Exchange Rate Regimes, Trade Balances, and Investment Positions

floating exchange rate

1.3: Exchange Rate Regimes, Trade Balances, and Investment Positions

foreign exchange (Forex) market

5.1: Overview of Interest Rate Parity

foreign exchange reverses

12.5: Foreign Exchange Interventions with Floating Exchange Rates

forward discount

4.2: Exchange Rate- Definitions

forward exchange rate

4.2: Exchange Rate- Definitions

forward premium

4.2: Exchange Rate- Definitions

full employment output

7.14: Money Supply and Long-Run Prices

G

General Agreement on Tariffs and Trade

1.1: The International Economy and International Economics

gold exchange standard

13.2: Fixed Exchange Rate Systems

gold reserves

13.2: Fixed Exchange Rate Systems

gold standard

13.1: Overview of Fixed Exchange Rates

government budget deficit

1.2: GDP, Unemployment, Inflation, and Government Budget Balances

government budget surplus

1.2: GDP, Unemployment, Inflation, and Government Budget Balances

gross domestic product

1.2: GDP, Unemployment, Inflation, and Government Budget Balances

2.1: National Income and Product Accounts

3.3: The National Welfare Effects of Trade Imbalances

gross national product

2.1: National Income and Product Accounts

H

hedging

4.2: Exchange Rate- Definitions

I

IMF conditionality

1.5: International Macroeconomic Institutions- The IMF and the World Bank

independence

9.4: Central Bank Independence

inflation rate

1.2: GDP, Unemployment, Inflation, and Government Budget Balances

interest rate parity (IRP)

5.1: Overview of Interest Rate Parity

interest rate parity theory

5.1: Overview of Interest Rate Parity

International Bank for Reconstruction and Development (IBRD)

1.5: International Macroeconomic Institutions- The IMF and the World Bank

international investment position

1.3: Exchange Rate Regimes, Trade Balances, and Investment Positions

2.8: International Investment Position

International Monetary Fund (IMF)

1.5: International Macroeconomic Institutions- The IMF and the World Bank

13.2: Fixed Exchange Rate Systems

K

Keynesian cross diagram

8.8: The Keynesian Cross Diagram

L

lagged

[10.1: Empirical Evidence of a Money-Inflation Link](#)

liquidity

[4.1: The Forex- Participants and Objectives](#)
[7.2: Some Preliminaries](#)
[7.3: What Is Money?](#)

M

marginal propensity to consume

[2.7: The Twin-Deficit Identity](#)
[8.3: Consumption Demand](#)

marginal propensity to save

[8.3: Consumption Demand](#)

monetary autonomy

[15.4: Monetary Autonomy and Exchange Rate Systems](#)

money

[7.1: Overview of Interest Rate Determination](#)
[7.3: What Is Money?](#)

money demand

[7.1: Overview of Interest Rate Determination](#)

money market model

[7.1: Overview of Interest Rate Determination](#)

money supply

[7.1: Overview of Interest Rate Determination](#)

N

national debt

[1.2: GDP, Unemployment, Inflation, and Government Budget Balances](#)

natural rate

[7.14: Money Supply and Long-Run Prices](#)

O

official reserve transactions

[13.5: Balance of Payments Deficits and Surpluses](#)

open market operations

[7.1: Overview of Interest Rate Determination](#)
[7.5: Controlling the Money Supply](#)

P

PPP exchange rate

[6.1: Overview of Purchasing Power Parity \(PPP\)](#)

purchasing power parity (PPP)

[6.1: Overview of Purchasing Power Parity \(PPP\)](#)

R

Rate of return (RoR)

[4.1: The Forex- Participants and Objectives](#)

real exchange rate

[8.6: Export and Import Demand](#)

real sector

[1.4: Business Cycles- Economic Ups and Downs](#)

relative PPP theory

[6.4: Problems and Extensions of PPP](#)

reserve currency standard

[13.1: Overview of Fixed Exchange Rates](#)

reserve requirement

[7.5: Controlling the Money Supply](#)

revaluation

[14.1: Overview of Policy with Fixed Exchange Rates](#)

risk

[4.1: The Forex- Participants and Objectives](#)

S

Smithsonian Agreement

[14.7: Case Study - The Breakup of the Bretton Woods System, 1973](#)

special drawing rights

[13.2: Fixed Exchange Rate Systems](#)

spot exchange rate

[4.2: Exchange Rate- Definitions](#)

stagflation

[1.4: Business Cycles- Economic Ups and Downs](#)

sterilized foreign exchange intervention

[12.1: Overview of Policy with Floating Exchange Rates](#)

superequilibrium

[11.1: Overview of the AA-DD Model](#)

T

trade deficit

[1.3: Exchange Rate Regimes, Trade Balances, and Investment Positions](#)

trade surplus

[1.3: Exchange Rate Regimes, Trade Balances, and Investment Positions](#)

transfer payment

[8.3: Consumption Demand](#)

Triffin dilemma

[14.7: Case Study - The Breakup of the Bretton Woods System, 1973](#)

U

unemployment rate

[1.2: GDP, Unemployment, Inflation, and Government Budget Balances](#)

Uruguay round

[1.1: The International Economy and International Economics](#)

W

Washington Consensus

[1.5: International Macroeconomic Institutions- The IMF and the World Bank](#)

World Trade Organization (WTO)

[1.1: The International Economy and International Economics](#)