

CHAPTER OVERVIEW

15: Fixed versus Floating Exchange Rates

One of the big issues in international finance is the appropriate choice of a monetary system. Countries can choose between a floating exchange rate system and a variety of fixed exchange rate systems. Which system is better is explored in this chapter. However, rather than suggesting a definitive answer, the chapter highlights the pros and cons of each type of system, arguing in the end that both systems can and have worked in some circumstances and failed in others.

[15.1: Overview of Fixed versus Floating Exchange Rates](#)

[15.2: Exchange Rate Volatility and Risk](#)

[15.3: Inflationary Consequences of Exchange Rate Systems](#)

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

[15.5: Which Is Better- Fixed or Floating Exchange Rates?](#)

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