Foundations Of International Macroeconomics Solution Manual

On occasion, a government may find itself confronted with a need to address a large contingent or off balance sheet fiscal liability. Implementing a settlement raises issues of fiscal sustainability and macroeconomic stability. This paper surveys the key design issues, and draws lessons from recent Eastern European experience. It then considers in more detail the particular case of Ukraine, and how it might approach its own large contingent liability-the so-called lost savings-which at end-2007 amounted to as much as 18 percent of GDP.

This book collects my scholarly research on the behavior of foreign exchange rates conducted over the past twenty-five years. The collection includes papers that study the behavior of exchange rates from the traditional macroeconomic and newer microstructure perspectives. The former perspective considers the linkages between the macro economy and currency prices in an effort to understand the behavior of exchange rates over quarters, years and decades. By contrast, the microstructure perspective considers how the details of currency trading affect how macroeconomic information becomes embedded in currency prices, a process which drives exchange-rates over intraday horizons. The book also contains papers with a hybrid perspective that consider the details of currency trading and macroeconomic linkages in an effort to understand exchange-rate dynamics across all horizons.

Foundations of International MacroeconomicsMIT Press

Foundations of International Macroeconomics is an innovative text that offers the first integrative modern treatment of the core issues in open economy macroeconomics and finance. With its clear and accessible style, it is suitable for first-year graduate macroeconomics courses as well as graduate courses in international macroeconomics and finance. Each chapter incorporates an extensive and eclectic array of empirical evidence. For the beginning student, these examples provide motivation and aid in understanding the practical value of the economic models developed. For advanced researchers, they highlight key insights and conundrums in the field. Topic coverage includes intertemporal consumption and investment theory, government spending and budget deficits, finance theory and asset pricing, the implications of (and problems inherent in) international capital market integration, growth, inflation and seignorage, policy credibility, real and nominal exchange rate determination, and many interesting special topics such as speculative attacks, target exchange rate zones, and parallels between immigration and capital mobility. Most main results are derived both for the small country and world economy cases. The first seven chapters cover models of the real economy, while the final three chapters incorporate the economy's monetary side, including an innovative approach to bridging the usual chasm between real and monetary models.

International Macroeconomics for Business and Political Leaders explains the fundamentals of international macroeconomics in a very efficient and approachable text. It explores key macro concepts such as growth, unemployment, inflation, interest, and exchange rates. Crucially, it also examines how these markets are interconnected so that readers will fully understand why economic, political, and social shocks to nations, such as the United States, China, Germany, Japan, and Brazil, must be evaluated in the context of all three macroeconomic markets: goods and services, credit, and foreign exchange. This book is as relevant and useful to individuals who have successfully taken and passed a Principles of Economics course, or more, as it is to those who have never taken any economics in high school or college but are motivated to understand the way international economies act and react. It uses an innovative approach to teach supply and demand principles, without using graphs, so as to be understandable and accessible to any interested reader or audience. This is not a theory-for-theory’s-sake textbook but a practice-oriented, common-sense approach to explaining international macroeconomics which quickly connects readers to real world events.

The author of this book is the original proponent of China''s exchange rate system reform announced in 2005. This book discusses: The transitional, medium-term and long-term designs of the reform; China''s achievements and mistakes on the reform; China''s banking reform and its lessons to other emerging economies; Maintaining a certain trade surplus as a dynamically optimal choice for China; China''s stock market bubble and the gradual bubble squeezing strategy; China''s property inflation and its solution; China''s fiscal and monetary policies during and after the global financial tsunami; Risk of global asset inflation, CPI inflation and cycle of exchange rate after the financial tsunami; Likelihood of an asset bubble and then a crisis in economies outside the US during the overheated phase of the recovery. Through these discussions, the author hopes to share his knowledge on macroeconomic policy management accumulated over the past thirty five years. In particular, he would like to share his insights on macroeconomic policy management before, during and after an asset inflation era or a crisis period. He would also like to warn policy makers and financial investors on the likelihood of an asset bubble and then a crisis in economies outside the US. The author hopes this book could eventually stimulate the emergence of OC macroeconomic policy managementOCO as a new and important discipline in economics. While the focus of the book is on macroeconomic policy management, it also offers important lessons and strategies on share and property investments. Thus, economists, policy makers, central bank officials, economics students, business and finance professionals, individual investors and academia in other disciplines will find the book useful."

International capital flows from rich to poor countries can be regarded as either too low (the Lucas paradox in a one-sector model) or too high (when compared with the logic of factor price equalization in a two-sector model). To resolve the paradoxes, we introduce a non-neoclassical model which features financial contracts and firm heterogeneity. In our model, free patterns of gross capital flow emerge as a function of the quality of the financial system and the level of protection for property rights(i.e., the risk of expropriation. A poor country with an inefficient financial system but a low expropriation risk may simultaneously experience an outflow of financial capital but an inflow of foreign direct investment (FDI), resulting in a small net flow.

Combining thorough scholarship with illuminating real-world examples, this edited collection provides insights on the causes and consequences of movements in both exchange rates and external assets and has a strong focus on the policy implications of operating in an open economy, particularly the choice of exchange rate and monetary policy, exchange rate intervention and policies on capital mobility.

Contrary to common belief, macroeconomics is not merely a theory of aggregates, and cannot be constructed from individual behaviour. Both nationally and internationally, there are economic laws that are logically independent of economic agents’ behaviour. These are the macroeconomic foundations of macroeconomics. Presenting cutting-edge material, Alvaro Cencini explores these foundations, and shows that the introduction of money entails economics being interpreted conceptually not mathematically. His innovative book provides the elements for a new approach by applying the most recent results of monetary analysis to the study of national and international economics. It covers recent progress in monetary theory, provides the reader with a greater understanding of the subject, and will be essential reading for economic students as well as a valuable resource for economists.

Examines financial crises of the past and discusses similarities between these events and the current crisis, presenting and comparing historical patterns in bank failures, inflation, debt, currency, housing, employment, and government spending.

“Shows how humans have brought us to the brink and how humanity can find solutions. I urge people to read with humility and the daring to act.” —Harpal Singh, former Chair, Save the Children, India, and former Vice Chair, Save the Children International In conversations with people all over the world, from government officials and business leaders to taxi drivers and schoolteachers, Blair Sheppard, global leader for strategy and leadership at PwC, discovered they all had surprisingly similar concerns. In this prescient and pragmatic book, he and his team sum up these concerns in what they call the ADAPT framework: Asymmetry of wealth; Disruption wrought by the unexpected and often problematic consequences of technology; Age disparities--stresses caused by very young or very old populations in developed and emerging countries; Polarization as a symptom of the breakdown in global and national consensus; and loss of Trust in the institutions that underpin and stabilize society. These concerns are in turn precipitating four crises: a crisis of prosperity, a crisis of technology, a crisis of institutional legitimacy, and a crisis of leadership. Sheppard and his team analyze the complex roots of these crises--but they also offer solutions, albeit often seemingly counterintuitive ones. For example, in an era of globalization, we need to place a much greater emphasis on developing self-sustaining local economies. And as technology permeates our lives, we need computer scientists and engineers conversant with sociology and psychology and poets who can code. The authors argue persuasively that we have only a decade to make headway on these problems. But if we tackle them now, thoughtfully, imaginatively, creatively, and energetically, in ten years we could be looking at a dawn instead of darkness.

This book offers a comprehensive analysis of the problems that the current working of capital markets are generating on both developed and developing economies. It pays special attention to the reasons explaining the unstable and volatile working of international financial markets and to the consequences of that behaviour on both the economic performance of the involved countries and on the economic policies implemented.

Inflation plays a central role in macroeconomic and financial policy regulation, and its dynamic formation has gradually become a popular research topic in this field. This book comprehensively studies the dynamic mechanism of inflation in China from the perspective of New Keynesian economics. By combining the dynamic trajectory of price changes since China's reform and opening-up under Deng Xiaoping as well as the underlying economic operating characteristics, the book deploys a multifaceted approach to understand the mechanism of inflation dynamics. The author explores the microfoundations of inflation dynamics, and underlines their importance in the context of modern monetary policy. In particular, he builds upon the traditional New Keynesian Phillips curve to include factors of globalization and financialization within the inflation formation regime of modern China. As the book explores the dynamic mechanism of China's inflation from different perspectives including inflation cycle theory, price index internal conduction, price index chain transmission, capital rotation, and industry inflation mechanisms, international readers will gain a full understanding of China's inflation, monetary policy, and economy.

Based on a version of the IMF’s new Global Economic Model (GEM), calibrated to analyze macroeconomic interdependence between the United States and the rest of the world, this paper asks to what extent an asymmetric productivity shock in the tradable sector of the economy may account for real exchange rate and trade balance developments in the United States in the second half of the 1990s. The paper concludes that the Balassa-Samuelson effect of such a productivity shock is only part of the story. A second shock, a broadly defined “risk premium” shock, and some uncertainty about the persistence of both shocks are needed to match the data more satisfactorily.

The current account deficit of the United States is more than six percent of its gross domestic product—an all-time high. And the rest of the world, including other G7 countries such as Japan and Germany, must collectively run current account surpluses to finance this deficit. How long can such unevenness between imports and exports be sustained, and what form might their eventual reconciliation take? Putting forth scenarios ranging from a gradual correction to a crash landing for the dollar, G7 Current Account Imbalances brings together economists from around the globe to consider the origins, status, and future of those disparities. An esteemed group of collaborators here examines the role of the bursting of the dot-com bubble, the history of previous episodes of current account adjustments, and the possibility of the Euro surpassing the dollar as the leading international reserve currency. Though there are areas of broad agreement—that the imbalances will ultimately decline and that currency revaluations will be part of the solution—many areas of contention remain regarding both the dangers of imbalances and the possible forms of adjustment. This volume will be of tremendous value to economists, politicians, and business leaders alike as they look to the future of the G7 economies.

Here leading world economic experts examine topical issues of international finance such as globalization, multilateral financial institutions and capital flows to emerging economies. Ideal for students, businesspeople and policy makers.

Once upon a time, economists saw capital account liberalization--the free and unrestricted flow of capital in and out of countries--as unambiguously good. Good for debtor states, good for the world economy. No longer. Spectacular banking and currency crises in recent decades have shattered the consensus. In this remarkably clear and pithy volume, one of Europe's leading economists examines these crises, the reforms being undertaken to prevent them, and how global financial institutions might be restructured to this end. Jean Tirole first analyzes the current views on the crises and on the reform of the international financial architecture. Reform proposals often treat the symptoms rather than the fundamentals, he argues, and sometimes fail to reconcile the objectives of setting effective financing conditions while ensuring that a country "owns" its reform program. A proper identification of market failures is essential to reformulating the mission of an institution such as the IMF, he emphasizes. Next he adapts the basic principles of corporate governance, liquidity provision, and risk management of corporations to the particulars of country borrowing. Building on a "dual- and common-agency perspective," he revisits commonly advocated policies and considers how multilateral organizations can help debtor countries reap enhanced benefits while liberalizing their capital accounts. Based on the Paolo Baffi Lecture the author delivered at the Bank of Italy, this refreshingly accessible book is teeming with rich insights that researchers, policymakers, and students at all levels will find indispensable.

Finally a self-contained, one volume, graduate-level algebra text that is readable by the average graduate student and flexible enough to accommodate a wide variety of instructors and course contents. The guiding principle throughout is that the material should be presented as general as possible, consistent with good pedagogy. Therefore it stresses clarity rather than brevity and contains an extraordinarily large number of illustrative exercises.

A comprehensive and rigorous text that shows how a basic open economy model can be extended to answer important macroeconomic questions that arise in emerging markets. This rigorous and comprehensive textbook develops a basic small open economy model and shows how it can be extended to answer many important macroeconomic questions that arise in emerging markets and developing economies, particularly those regarding monetary, fiscal, and exchange rate issues. Eschewing the complex calibrated models on which the field of international finance increasingly relies, the book teaches the reader how to think in terms of simple models and grasp the fundamentals of open economy macroeconomics. After analyzing the standard intertemporal small open economy model, the book introduces frictions such as imperfect capital markets, intertemporal distortions, and nontradable goods, into the basic model in order to shed light on the economy's response to different shocks. The book then introduces money into the model to analyze the real effects of monetary and exchange rate policy. It then applies these theoretical tools to a variety of important macroeconomic issues relevant to developing countries (and, in a world of continuing financial crisis, to industrial countries as well), including the use of a nominal interest rate as a main policy instrument, the relative merits of flexible and predetermined exchange rate regimes, and the targeting of “real anchors.” Finally, the book analyzes in detail specific topics such as inflation stabilization, “dollarization,” balance of payments crises, and, inspired by recent events, financial crises. Each chapter includes boxes with relevant empirical evidence and ends with exercises. The book is suitable for use in graduate courses in development economics, international finance, and macroeconomics.

With the collapse of the Bretton Woods system, any pretense of a connection of the world's currencies to any real commodity has been abandoned. Yet since the 1980s, most central banks have abandoned money-growth targets as practical guidelines for monetary policy as well. How then can pure "fiat" currencies be managed so as to create confidence in the stability of national units of account? Interest and Prices seeks to provide theoretical foundations for a rule-based approach to monetary policy suitable for a world of instant communications and ever more efficient financial markets. In such a world, effective monetary policy requires that central banks construct a conscious and articulate account of what they are doing. Michael Woodford reexamines the foundations of monetary economics, and shows how interest-rate policy can be used to achieve an inflation target in the absence of either commodity backing or control of a monetary aggregate. The book further shows how the tools of modern macroeconomic theory can be used to design an optimal inflation-targeting regime--one that balances stabilization goals with the pursuit of price stability in a way that is grounded in an explicit welfare analysis, and that takes account of the "New Classical" critique of traditional policy evaluation exercises. It thus argues that rule-based policymaking need not mean adherence to a rigid framework unrelated to stabilization objectives for the sake of credibility, while at the same time showing the advantages of rule-based over purely discretionary policymaking.

An in-depth guide to global and risk finance based on financial models and data-based issues that confront global financial managers. Globalization, Gating, and Risk Finance offers perspectives on global risk finance in a world with economies in transition. Developed from lectures and research projects investigating the consequences of globalization and strategic approaches to fundamental economics and finance, it provides an approach based on financial models and data; it includes many case-study problems. The book departs from the traditional macroeconomic and financial approaches to global and strategic risk finance, where economic power and geopolitical issues are intermingled to create complex and forward-looking financial systems. Chapter coverage includes: Globalization: Economies in Collision; Data, Measurements, and Global Finance; Global Finance: Utility, Financial Consumption, and Asset Pricing; Macroeconomics, Foreign Exchange, and Global Finance; Foreign Exchange Models and Prices; Asia: Financial Environment and Risks; Financial Currency Pricing, Swaps, Derivatives, and Complete Markets; Credit Risk and International Debt; Globalization and Trade: A Changing World; and Compliance and Financial Regulation. Provides a framework for global financial and inclusive models, some of which are not commonly covered in other books. Considers risk management, utility, and utility-based multi-agent financial theories. Presents a theoretical framework to assist with a variety of problems ranging from derivatives and FX pricing to bond default to trade and strategic regulation. Provides detailed explanations and mathematical proofs to aid the readers’ understanding. Globalization, Gating, and Risk Finance is appropriate as a text for graduate students of global finance, general finance, financial engineering, and international economics, and for practitioners.

Since the economic decline in the early 1980s, most countries in Central America and the Caribbean have returned to positive growth rates. The recovery often coincided with or followed extensive neoliberal reforms. The contributors to this book address the crucial question of whether these growth rates are sustainable. Several aspects of sustainability are assessed, in particular macroeconomic, social, and ecological aspects. The book includes both comparative analyses focusing on one of these aspects of sustainability, and country case studies. The conclusion is that these countries have not yet arrived at a sustainable growth path due to, for example, high levels of foreign and domestic debt, worrisome trade gaps, a lack of social integration and irresponsible exploitation of natural resources. In sum, the analysis points to serious weaknesses in the current neoliberal model, the implications of which go far beyond this particular region.

Principles of Microeconomics 2e covers the scope and sequence of most introductory microeconomics courses. The text includes many current examples, which are handled in a politically equitable way. The outcome is a balanced approach to the theory and application of economics concepts. The second edition has been thoroughly revised to increase clarity, update data and current event impacts, and incorporate the feedback from many reviewers and adopters. The text and images in this book are grayscale. The first (previous) edition of Principles of Microeconomics via OpenStax is available via ISBN 9781680920093.

Dark matter accounts for 83 percent of the matter in the universe and plays a central role in cosmology modeling. This paper argues that an analogous form of dark matter plays a similarly important role in international macroeconomics. Exchange-rate dark matter is invisible, but its existence can be inferred from observations on real exchange rates and interest rates. I first show that dark matter is the dominant driver of short- and medium-term changes in real exchange rates for the G-7 countries; accounting for more than 90 percent of the variance at the five-year horizon. I then develop a model in which risk shocks account for dark matter's role as a driver of exchange-rate dynamics and other macro variables.

This book provides a thorough overview of how money is used as a tool to achieve international political aims.

The book presents and further develops basic principles and concepts in international finance and open economy macroeconomics to make them more relevant for emerging and developing economies (EDEs). The volume emphasises the necessity of greater knowledge of context as populous Asian economies integrate with world markets, as well as the rapidly changing nature of the area due to rethinking after the global financial crisis. It addresses a host of themes, including key issues such as exchange rate economics, macroeconomic policy in an open economy, analytical frameworks for and experience of EDEs after liberalisation, the international financial system, currency and financial crises, continuing risks and regulatory response. This book will be useful to scholars and researchers of economics, especially in macroeconomics, business and finance and development studies.

There is a deepening debate in East Asia about the prospects for common exchange rate arrangements, even including the formation of a common currency in the longer term. This raises a complex set of issues and this volume provides a detailed yet comprehensive examination of key issues in the debate. It looks, for example, at the nature and extent of linkages in East Asia, in terms of trade and foreign investment, finance, labour, and consumption, investment and output. It examines how the exchange rate affects various aspects of economies. And it critically analyzes various proposals for currency regimes for the region, including floating exchange rates, basket pegs, and currency union.

International Finance is an established and internationally renowned introduction to the subject for undergraduate and postgraduate students. It draws on recent events to provide comprehensive coverage of traditional theories and new research relating to the balance of payments, exchange rate determination and the international monetary system.

The unprecedented rise and persistence of large-scale budget deficits in many developed and developing nations during the past three decades has caused great concern. The widespread presence of such deficits has proved difficult to explain. Their emergence in otherwise diverse nations defies particularistic explanations aimed at internal economic developments within a specific country. Fiscal Institutions and Fiscal Performance shifts emphasis away from narrow economic factors to more broadly defined political and institutional factors that affect government policy and national debt. This collection brings together new theoretical models, empirical evidence, and a series of in-depth case studies to analyze the effect of political institutions, fiscal regulations, and policy decisions on accumulating deficits. It provides a fascinating overview of the political and economic issues involved and highlights the role of budgetary institutions in the formation of budget deficits.

The basic tools for analyzing macroeconomic fluctuations and policies, applied to concrete issues and presented within an integrated New Keynesian framework. This textbook presents the basic tools for analyzing macroeconomic fluctuations and policies and applies them to contemporary issues. It employs a unified New Keynesian framework for understanding business cycles, major crises, and macroeconomic policies, introducing students to the approach most often used in academic macroeconomic analysis and by central banks and international institutions. The book addresses such topics as how recessions and crises spread; what instruments central banks and governments have to stimulate activity when private demand is weak; and what “unconventional” macroeconomic policies might work when conventional monetary policy loses its effectiveness (as has happened in many countries in the aftermath of the Great Recession.). The text introduces the foundations of modern business cycle theory through the notions of aggregate demand and aggregate supply, and then applies the theory to the study of regular business-cycle fluctuations in output, inflation, and employment. It considers conventional monetary and fiscal policies aimed at stabilizing the business cycle, and examines unconventional macroeconomic policies, including forward guidance and quantitative easing, in situations of “liquidity trap”—deep crises in which conventional policies are either ineffective or have very different effects than in normal time. This book is the first to use the New Keynesian framework at the advanced undergraduate level, connecting undergraduate learning not only with the more advanced tools taught at the graduate level but also with the large body of policy-oriented research in academic journals. End-of-chapter problems help students master the materials presented.

Samuelson is a key figure in economic thinking. This gathers the essential assessments of this important economist, and provides an unparalleled insight into his lasting impact on economics.

The U.S. dollar's dominance seems under threat. The near collapse of the U.S. financial system in 2008–2009, political paralysis that has blocked effective policymaking, and emerging competitors such as the Chinese renminbi have heightened speculation about the dollar’s looming displacement as the main reserve currency. Yet, as The Dollar Trap powerfully argues, the financial crisis, a dysfunctional international monetary system, and U.S. policies have paradoxically strengthened the dollar’s importance. Eswar Prasad examines how the dollar came to have a central role in the world economy and demonstrates that it will remain the cornerstone of global finance for the foreseeable future. Marshaling a range of arguments and data, and drawing on the latest research, Prasad shows why it will be difficult to dislodge the dollar-centric system. With vast amounts of foreign financial capital locked up in dollar assets, including U.S. government securities, other countries now have a strong incentive to prevent a dollar crash. Prasad takes the reader through key contemporary issues in international finance—including the growing economic influence of emerging markets, the currency wars, the complexities of the China-U.S. relationship, and the role of institutions like the International Monetary Fund—and offers new ideas for fixing the flawed monetary system. Readers are also given a rare look into some of the intrigue and backdoor scheming in the corridors of international finance. The Dollar Trap offers a panoramic analysis of the fragile state of global finance and makes a compelling case that, despite all its flaws, the dollar will remain the ultimate safe-haven currency.

The winners of the Nobel Prize in Economics upend the most common assumptions about how economics works in this gripping and disruptive portrait of how poor people actually live. Why do the poor borrow to save? Why do they miss out on free life-saving immunizations, but pay for unnecessary drugs? In Poor Economics, Abhijit V. Banerjee and Esther Duflo, two award-winning MIT professors, answer these questions based on years of field research from around the world. Called "marvelous, rewarding" by the Wall Street Journal, the book offers a radical rethinking of the economics of poverty and an intimate view of life on 99 cents a day. Poor Economics shows that creating a world without poverty begins with understanding the daily decisions facing the poor.

International Macroeconomics provides students with an analytically rigorous introduction to the impact of globalization on macroeconomics. * Presents an analytically rigorous introduction to the field and uniquely includes optional econometric studies * Provides a unified macroeconomic model to examine rigorously international macroeconomics and then focuses this model on historic cases, institutions, and specific countries, dealing with various types of macroeconomic crises * Provides a strong policy orientation by an author who worked for many years at the IMF * Is supported by a website with extensive solutions for the problem sets, PowerPoint slides, and an update on the 08-09 meltdown

The international economy has seen much change over recent years, and there is much talk in the media of the impact of emerging markets such as India and China. Giving a new perspective on International Economics, this engaging text addresses economics with a whole-world perspective and puts emphasis on empirical study.

A textbook that approaches modern macroeconomics through its microeconomic foundations, with an emphasis on financial market connections and policy applications. The modern study and analysis of macroeconomics begins by considering how microeconomic units—consumers and firms—make decisions, and then investigates how these choices interact to yield economy-wide outcomes. This innovative textbook takes this “modern” approach, teaching macroeconomics through its microeconomic foundations. It does so by adopting the representative agent paradigm. By modeling the representative consumer and the representative firm, students will learn to describe macroeconomic outcomes and consider the effects of macroeconomic policies. Unique in its coverage of monopolistic competition, financial markets, and the interaction of fiscal and monetary policy, Modern Macroeconomics is suitable for use in intermediate undergraduate, advanced undergraduate, and graduate level courses. The book first introduces the building blocks of macroeconomics, the heart of which is the representative consumer. It goes on to offer a brief history of macroeconomic thought, including supply-side economics, the Phillips curve, and the New Keynesian framework. It then covers two policy applications, monetary policy and the interaction of monetary and fiscal policy; optimal policy analysis for both the flexible price and the rigid price case; long-run steady states, treating the Solow growth framework and the neoclassical growth model; a search-and-matching framework for the analysis of unemployment; and the application of the tools of modern macroeconomics to “open economy,” or international macroeconomics. End-of-chapter problem sets enable students to apply the concepts they have learned. A separate Solutions Manual will be available for students to purchase. Teaching materials, including complete solutions and slides, will be available to qualified instructors.

An innovative textbook that provides a concise explanation of the foundations of modern macroeconomic theory and its methods.

A cutting-edge graduate-level textbook on the macroeconomics of international trade Combining theoretical models and data in ways unimaginable just a few years ago, open economy macroeconomics has experienced enormous growth over the past several decades. This rigorous and self-contained textbook brings graduate students, scholars, and policymakers to the research frontier and provides the tools and context necessary for new research and policy proposals. Martín Uribe and Stephanie Schmitt-Grohé factor in the discipline's latest developments, including major theoretical advances in incorporating financial and nominal frictions into microfounded dynamic models of the open economy, the availability of macro- and microdata for emerging and developed countries, and a revolution in the tools available to simulate and estimate dynamic stochastic models. The authors begin with a canonical general equilibrium model of an open economy and then build levels of complexity through the coverage of important topics such as international business-cycle analysis, financial frictions as drivers and transmitters of business cycles and global crises, sovereign default, pecuniary externalities, involuntary unemployment, optimal macroprudential policy, and the role of nominal rigidities in shaping optimal exchange-rate policy. Based on courses taught at several universities, Open Economy Macroeconomics is an essential resource for students, researchers, and practitioners. Detailed exploration of international business-cycle analysis Coverage of financial frictions as drivers and transmitters of business cycles and global crises Extensive investigation of nominal rigidities and their role in shaping optimal exchange-rate policy Other topics include fixed exchange-rate regimes, involuntary unemployment, optimal macroprudential policy, and sovereign default and debt sustainability Chapters include exercises and replication codes

This unique collection presents a Post-Keynesian perspective on international economics and trade. All the major areas in international economics are covered, with the Post-Keynesian approach giving a welcome fresh perspective. The book is divided into five main sections: * foreign trade * open economy * international payments systems * exchange rate determination * development. Unavailable elsewhere, the readings present original, state-of-the-art research by leading Post-Keynesian scholars. Contributors include: Philip Arestis, Robert Blecker, Paul Davidson, Sheila Dow, Bruce Elmslie, Ilene Grabel John McCombie Eleni Paliginis, A.P. Thirlwall L. Randall Wray Johan Deprez, John T. Harvey,

The study of macroeconomics can seem a daunting project. The field is complex and sometimes poorly defined and there are a variety of competing approaches. It is easy for the senior bachelor and starting master student to get lost in the forest of macroeconomics and the mathematics it uses extensively. Foundations of Modern Macroeconomics is a guide book for the interested and ambitious student. Non-partisan in its approach, it deals with all the major topics, summarising the important approaches and providing the reader with a coherent angle on all aspects of macroeconomic thought. Each chapter deals with a separate area of macroeconomics, and each contains a summary section of key points and a further reading list. Using nothing more than undergraduate mathematical skills, it takes the student from basic IS-LM style macro models to the state of the art literature on Dynamic Stochastic General Equilibrium, explaining the mathematical tricks used where they are first introduced. Fully updated and substantially revised, this third edition of Foundations of Modern Macroeconomics now includes brand new chapters covering highly topical subjects such as dynamic programming, competitive risk sharing equilibria and the New Keynesian DSGE approach.