



## METADATA

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### Abstract

This book studies open economy macroeconomics. The first two chapters describe the exchange-rate market, examine exchange-rate determination via supply, demand and central banks interventions and, finally, investigate the covered and the uncovered interest-rate parity. Chapters 3 to 5 describe the balance of payments along with its components, while they investigate its equilibrium using (i) the income approach with and without interdependence among countries due to international trade, (ii) the elasticities' approach and the Marshall-Lerner condition, and (iii) the monetary model. Chapters 6 to 8 are the most important chapters of this book because they explore macroeconomic policy and equilibrium in an open economy. Initially, the analysis assumes fixed exchange rates and either capital immobility or perfect capital mobility to explore equilibrium.

The analysis is completed with the Mundell-Fleming model, which assumes flexible exchange rates and perfect capital mobility. In all these cases, the effectiveness of the monetary and fiscal policies is explored. Also, the analysis focuses on the case of imperfect capital mobility. Chapter 9 investigates the way that the aggregate demand in an open economy is derived, under (i) fixed exchange rates, and (ii) flexible exchange rates. Chapter 10 describes the way that the aggregate supply is derived and focuses on the (i) Classical AS curve, (ii) the New Classical AS curve, and (iii) the New Keynesian AS curve. Then, the general equilibrium in an open economy is explored under (i) fixed exchange rates, and (ii) flexible exchange rates. Finally, Chapter 11 presents the evolution of the international monetary system from a historical perspective.

