

Index

- accountability 3, 4
- aggregate demand 16, 28, 42, 118, 124, 187, 190–91, 199
 - see also* effective demand
- anti-inflationary policy 6, 75, 87
- anti-unemployment policy 73–5
- Argentina 23, 131, 179–202
- Augmented Dickey–Fuller Test 260

- balance of payments 58, 272, 276, 279
- 'black' market *see* parallel markets
- Brazil 22, 131, 139–55, 158
- Brazilian Central Bank 139–43, 145, 147–8, 151–2

- call money rate 260–61
- capital adequacy ratio 289
- capital controls 22–4, 41, 44, 55, 190, 193, 197–8, 233, 243–4, 248, 264, 269–70, 291–2
- capital flight 139, 142, 243
- capital flows, international 40, 204, 215–18, 220, 223
- capital management techniques 18–24, 225, 233–5, 243–4
- central banks 3–24
 - credibility of 159–60, 166, 172, 173
 - and development 5
 - net worth of 194–5
- central bank independence 4, 8, 87, 187
- Chakravarty Committee 257
- Chile 24, 158, 190, 244
- China 24, 112, 249
- class 71–87
- class conflict 71, 75, 93
- cointegration 163, 166
- Colombia 158
- Comitê de Política Monetária 141
- computable general equilibrium
 - model *see* general equilibrium model
- conditional least squares 119
- Conselho Monetário Nacional 140
- contagion effects 139, 151
- convertibility 181–3, 185, 187, 190
- corto 160, 167–9, 172
- crawling band 159
- crawling peg 45
- credit allocation techniques 20–21
- credit targeting 24
- currency crisis 139, 142, 147–8
- current account 139, 145, 152, 180, 271, 274–9, 288–9
- Czech Republic 77, 78, 80

- deflation 93, 97–101
- demand management 72, 86, 129–30
- devaluation 179–82, 187, 272–3, 275–7
 - see also* exchange rate, real exchange rate
- development channel 16
- dirty float 140, 153, 155
- disinflation 142, 145, 154, 171
- Doi Moi reforms 300, 303

- East Asia 248, 269–70
- economic growth 132, 179–81, 191, 249, 257, 263
 - see also* inflation and economic growth, SCRER
- effective demand 29, 32–3, 36
 - see also* aggregate demand 28
- emerging market economies 158
- employment 24–5
 - targeting 18, 24, 227–47
- equilibrium, macroeconomic 34–7, 47
- expectations 181–2, 184–5, 192, 196–7
- exchange rate 28
 - appreciation 139, 142, 145, 148, 152, 153, 155
 - depreciation 139, 142, 144, 145, 148, 151, 153, 155

- devaluation 179–82, 187
 - and economic development 28, 30–31
 - and economic policy 28, 37
 - and external balance 28
 - and finance 29
 - and inflation 29
 - and monetary policy 159, 167–71
 - over-valuation 301
 - pass-through 8, 139, 171–4
 - pegged 291
 - and resource allocation 28, 29
 - targeting 139–42, 146–7, 150, 155, 179–99, 252, 310–11
 - volatility 180, 187, 191–2, 197
 - see also* real exchange rate, nominal exchange rate
 - expansionary policy 72–3, 75
 - expansionary fiscal contraction 203
 - export sector 108
 - see also* tradable goods
 - external balance 29
 - external fragility 220, 223

 - Federal Reserve 41
 - financial crisis 146
 - financial instability 5
 - fiscal balance 23, 180–81, 187–9, 190, 284–7, 292–3
 - fiscal dominance 3, 205, 214
 - fiscal overhang 256
 - fiscal policy 160, 190–91, 196–9
 - flexible exchange rate 160–61
 - see also* exchange rate
 - France 77–8, 80

 - GEAR (Growth, Employment and Redistribution) 228–9
 - gender 93–112
 - gender bias 108–9
 - and central bank policy 111–12
 - see also* inflation targeting
 - gender discrimination 95
 - gender equality 110
 - gender equity 110–12
 - general equilibrium model 24, 211–23
 - Granger Causality 260–62
 - Greenspan, Alan 3

 - Haiti 121–2
 - heterodox economics 72

 - Hodrick-Prescott filter 97, 99, 102
 - hyperinflation 117

 - IMF (International Monetary Fund) 5, 8, 9, 119
 - and conditionality 5
 - see also* inflation targeting
 - impulse response function 164, 238, 262–3
 - income distribution 4, 8
 - incomes policies 21, 131–2, 160
 - India 248–70
 - inflation
 - aversion 78–87
 - conflict theories of 75
 - core 254, 281–3
 - and economic growth 9, 56, 116–36
 - expected 48
 - and inequality 132
 - and poverty 73–4, 76
 - and unemployment 93–112
 - inflation preferences 71–87
 - inflation rate targets 9, 18
 - inflation targeting 4, 41–2, 45, 55
 - alternatives to 172–4, 291–7
 - and asset price stability 9
 - and budget deficit 149–50
 - and central bank accountability 8
 - and economic growth 10–11, 56, 116–36
 - and escape clauses 281–2
 - and exchange rate stability 16
 - and foreign exchange reserves 15
 - and gender bias 108–9, 111
 - and IMF 5, 44
 - and industrial policy 30–31
 - and inflation rates 8
 - in open economies 44
 - and price stability 3
 - and primary fiscal surplus 150
 - and real exchange rates 44–67
 - and sacrifice ratios 9
 - in small economies 55
 - and trade balance 11–17
 - and unemployment 11–12, 15, 24, 56, 71–87, 93–112
- inflation targeting countries, list 6
 - inflation targeting, socially responsible alternatives 17–24

- inflation variability 158
 ILO (International Labour Organization) 4
 India 23, 95–107
 interest rate 38, 45, 57, 60–61, 116–30, 159–60, 167, 170, 172, 183–5, 187, 192–8
 see also real interest rate
 interest rate parity 192–3
 Ireland 95, 122, 135
 Israel 95, 131, 135
 Instituto Brasileiro de Geografia e Estatística 141
 International Social Survey Program 77–92

 J-curve 34
 Jacobian matrix 54, 64
 jobless growth 210–11

 Kaldor 35
 Keynesian models 49, 50, 60

 labor intensity channel 16
 labor market 29, 32–3
 Lebac 182–90
 Lerner Symmetry Theorem 30
 liberalization 4
 logistic regression 81, 83–6
 Lula 144–5, 147

 macroeconomic channel 16
 macroeconomic instability 5
 Malaysia 24, 244
 Mexico 18, 55, 95, 131, 135, 158–78
 Minsky, Hyman 39
 monetarism 117
 monetary base 179, 185–90, 192, 194, 195
 monetary policy 41–2, 45, 93–4, 97, 102, 105, 110–11, 132, 182, 187, 190, 192–3, 197–9
 pro-development 299
 money supply growth 94, 97, 105–6
 and women's employment 108–10
 monetary targeting 159, 190, 251–2, 256, 271–2, 275, 279–82
 modified 280

 macroeconomics
 new classical 71, 73
 new consensus 49, 55
 New Keynesian 72
 see also post-Keynesian economics
 and structuralist macroeconomics

 NAIRU (non-accelerating inflation rate of unemployment) 72, 117
 narrow money 252, 260–61
 Nicaragua 122
 nominal anchor 258
 nominal exchange rates 37–39, 41, 42, 45, 46, 182, 192, 193, 195–7
 and middle income countries 39
 and targeting 159
 see also exchange rate, real exchange rate
 nonlinearity 119
 non-tradables *see* non-traded goods
 non-traded goods 28, 30–36
 North American Free Trade Agreement (NAFTA) 165

 open market operations 45, 57
 outlier 119, 120–21
 output gap 166–7
 output-inflation trade-off 158
 output variability 158

 parallel market 300
 pass-through 163, 165–6, 171–4
 see also exchange rate
 Peru 131, 158
 Philippines 23–4, 271–98
 Phillips Curve 71, 117, 166, 278
 political economy 71–2, 75–6
 and gender 93–112
 policy space 7
 post-Keynesian economics 49, 72
 potential output 152–5
 poverty 73–4
 alleviation of 249
 price rigidities 58
 price stability 9, 11, 14
 primary surplus 141, 150
 primary surplus target 203, 210, 219, 223–4

- productivity 29, 31–3, 35–7
 prudential regulations 198–9
- rational expectations 71–2, 86
 real exchange rate 28–42, 37–68,
 94, 97, 105–9, 179–202, 263–4,
 269–70, 300
 appreciation of 32, 39, 55, 171
 and capital flows 40–41
 and central bank intervention 39,
 41
 depreciation of 31, 166, 168, 171,
 180, 189, 198
 and employment 36, 65
 fixed 55
 and output 163–5
 overvaluation 301
 and targeting 44, 45, 173, 251–2, 264
 and wage share 53
see also exchange rate, nominal
 exchange rate
 real interest rate 94, 97, 102–6, 109,
 141–3, 145–8, 150, 152, 155, 206,
 208, 212, 220, 232
see also interest rate
 relative inflation aversion *see* inflation
 aversion
 remittances 283–4, 287, 289, 291, 302
 Reserve Bank of India 248
 reserve requirements 45, 52
 Ricardo-Viner Model 30
 root mean square error 261
 Rwanda 122
- sacrifice ratio 8, 97
 SCRER (stable and competitive real
 exchange rate) 16, 17, 180–81,
 187, 189–92, 196–9, 310–11
 seigniorage 195
- SELIC (Sistema Especial de
 Liquidação e Custodia) interest
 rate 141, 143, 147
 Singapore 95, 100–108
 stagflation 105
 state-owned enterprises 302
 supply shock 10, 146
 South Africa 24, 55
 South Korea 24, 122
 State Bank of Vietnam 299–301
 sterilization 188–90, 194, 196–8
 structuralist macroeconomics 16–17,
 44–5
 surplus labor 250
 Sweden 131
- Taylor Rule 49, 57
 Tinbergen Rule 194
 tradables *see* traded goods
 traded goods 28, 30–36, 96, 108–9
 transparency 3, 8, 18
 trilemma 8, 17–18, 39, 41, 45, 47, 52,
 140, 181, 192–4
 Turkey 22–3, 203–26
 twin targeting 203–26
- uncovered interest parity condition
 193
 under-employment 232
 unemployment, male 96
 unemployment, female 96
 unemployment preferences 71–87
- VAR (vector auto-regression) models
 236–38, 262
 Vietnam 23, 299–314
 volatility 8, 9, 15
- Zimbabwe 122