

Currency Devaluation and Emerging Economy Export Demand

JAMES R. OWEN
Midwestern State University

ASHGATE

Contents

<i>List of Figures</i>	<i>vii</i>
<i>List of Tables</i>	<i>ix</i>
<i>Acknowledgements</i>	<i>xi</i>
1 The Currency Devaluation Problem	1
1.1 Currency and Economic Equilibrium	1
1.2 The Research Question	3
1.3 Aggregated v. Disaggregated Data	4
1.4 Outline	5
2 The Efficacy and Effects of Devaluation: Previous Literature	6
2.1 Aggregate Data Studies	6
2.2 Disaggregated Data Studies	9
2.3 Impacts of Currency Devaluation	12
2.4 Currency Devaluation and the IMF	12
2.5 What Does This Research Tell Us?	14
2.6 What Questions Remain Unanswered?	14
3 A Methodology for Disaggregated Devaluation Impact Analysis	15
3.1 Simulation Techniques	15
3.2 Traditional Export Analysis	16
3.3 Distributed Lag and Other Models	18
3.4 Time Series Analysis	20
3.5 Model Development	21
3.6 Stationarity, Cointegration, and Error Correction Models	22
3.7 Real Economic Variables	23
3.8 Variable Relationships Expected	25
3.9 The Model	26
3.10 Analysis of Exports	27
3.11 The Nations Studied	28
4 Malaysia: Exports and Currency Changes	29
4.1 Historical and Political Background	29
4.2 Economic Background	31
4.3 Major Export Groups	32
4.4 Descriptive Statistics	34
4.5 Observations from Regression Analyses	37
4.6 Summary	49

5	South Korea: Exports and Currency Instability	50
5.1	Historical and Political Background	50
5.2	Political Independence with Limited Economic Means	51
5.3	Evolution Toward an Industrial Economy	52
5.4	Technological Transformation	53
5.5	A Maturing Economy	54
5.6	Major Export Groups	56
5.7	Descriptive Statistics	58
5.8	Observations from the Regression Analyses	61
5.9	Summary	71
6	Chilean Currency: From Crisis to Stability	74
6.1	Historical and Political Background	74
6.2	Politics and the Chilean Economy, 1930-1970	75
6.3	Marxist Political Leadership: 1970-1973	76
6.4	Military Government and Economic Reform	77
6.4	Major Export Groups	80
6.5	Descriptive Statistics	85
6.6	Observations from the Regression Analyses	85
6.7	Summary	97
7	What Have We Learned?	98
7.1	Currency Devaluation and Exports	98
7.2	Beneficial Impacts from Currency Devaluation	99
7.3	Damaging Impacts from Currency Devaluation	99
7.4	Currency Devaluation and Other Export Groups	100
7.5	Specialization Indices	100
7.6	TRAD7 Values	104
7.7	Similarity Analysis	104
7.8	Other Costs of Devaluation	109
7.9	Recommendations for Further Study	109
	<i>Appendix A: Standard International Trade Classification (SITC) Codes</i>	111
	<i>Appendix B: Export Groups for Chile, Malaysia, and South Korea</i>	115
	<i>Appendix C: Error Correction Models</i>	122
	<i>References</i>	132
	<i>Index</i>	139