

Exchange Rates and the Open Economy

Edited by

K. A. Chrystal

Professor of Economics, University of Sheffield

Robert Sedgwick

Lecturer in Economics, University of Sheffield



WHEATSHEAF BOOKS · SUSSEX

ST. MARTIN'S PRESS · NEW YORK

Contents

<i>List of Contributors</i>	vii
<i>Preface</i>	ix
Exchange Rates and Open Economy Macroeconomics: An Introduction <i>K. Alec Chrystal and Robert Sedgwick</i>	1
1. Empirical Regularities in Exchange Rate Behaviour <i>Richard T. Baillie and Patrick C. McMahon</i>	7
2. Real Exchange Rate Variability and Monetary Disturbances <i>Paul de Grauwe and Marc Rosiers</i>	30
3. A Portfolio Balance Model of Bilateral Exchange Rates <i>Eduard J. Bomhoff and Kees G. Koedijk</i>	54
4. Government Policy and the Risk Premium in Foreign Exchange Markets <i>Stanley W. Black and Michael K. Salemi</i>	72
5. An Empirical Model of the Exchange Rate Incorporating Rational Expectations <i>S. G. Hall</i>	91
6. Dominant Factors in Dollar–Sterling Exchange Rate Movements, 1965–1981 <i>G. W. McKenzie and S. H. Thomas</i>	113

7.	Testing the Monetary Approach to Balance of Payments in Developing Countries <i>H. Leon and H. Molana</i>	137
8.	Exchange Rate Dynamics and the Labour Market <i>Elias Karakitsos</i>	164
9.	Currency Substitution, Flexible Exchange Rates and the International Transmission of Disturbances <i>Athina Zervoyianni</i>	199
10.	The Inefficiency of Uncoordinated Stabilization Policy in Multicountry Models <i>Paul Turner</i>	229
	<i>Index</i>	239