
INFLATION
AND DISINFLATION

The Israeli Experiment

Leonardo Leiderman

The University of Chicago Press
Chicago and London

Contents

| | | |
|-----------------|---|-----|
| | Preface | ix |
| | Introduction | xi |
| Part I: | Stopping High Inflation | |
| 1 | Overview: The Main Lessons | 3 |
| 2 | Stabilization in High-Inflation Countries: Analytical Foundations and Recent Experience (with Elhanan Helpman) | 9 |
| 3 | Real Wages, Monetary Accommodation, and Inflation (with Elhanan Helpman) | 66 |
| 4 | Comparing Macroeconomic Performance before and after Disinflation in Israel (with Nissan Liviatan) | 81 |
| Part II: | Devaluation, Money, and Inflation: Dynamic Interactions | |
| 5 | Overview | 123 |
| 6 | Dynamic Interactions between Inflation and Devaluation in Israel | 127 |
| 7 | The Interaction between Inflation and Monetary Aggregates in Israel (with Elise A. Brezis and Rafi Melnick) | 134 |
| 8 | Slowing Down Devaluation, Monetary Accommodation, and Inflation: A Comparison of Argentina, Chile, and Israel (with Elhanan Helpman) | 148 |
| 9 | Foreign Trade Shocks and the Dynamics of High Inflation: Israel, 1978–85 (with Assaf Razin) | 169 |

| | | |
|---|--|-----|
| Part III: Seigniorage, Money Demand, and Inflation | | |
| 10 | Overview | 187 |
| 11 | New Estimates of the Demand for Money in Israel (with Arie Marom) | 190 |
| 12 | Seigniorage and the Welfare Cost of Inflation: Evidence from an Intertemporal Model of Money and Consumption (with Zvi Eckstein) | 207 |
| 13 | Optimal Inflation Tax under Precommitment: Theory and Evidence (with Guillermo A. Calvo) | 230 |
| Part IV: Relative Price Variability | | |
| 14 | Overview | 255 |
| 15 | Price Controls and the Variability of Relative Prices (with Alex Cukierman) | 257 |
| 16 | Relative Price Variability and Inflation in the Israeli Economy (with Alex Cukierman) | 273 |
| 17 | Relative Price Variability under High Inflation and Disinflation | 291 |
| Part V: Effects of Government Budget Policies | | |
| 18 | Overview | 297 |
| 19 | Testing Ricardian Neutrality with an Intertemporal Stochastic Model (with Assaf Razin) | 301 |
| | Index | 325 |