

Michael Carlberg

Economic Policy in a Monetary Union

With 48 Figures and 28 Tables



Springer

Contents

Introduction.....	1
Part One. Basic Models.....	7
Chapter 1. The Small Country in the Large Union.....	9
1. The Model.....	9
2. Policies and Shocks.....	11
3. Numerical Examples.....	12
4. Wage Shocks.....	13
5. Flexible Wages.....	15
6. Diagrams.....	16
7. Summary.....	21
Chapter 2. The Small Union as a Whole.....	25
1. The Model.....	25
2. Policies and Shocks.....	27
3. Wage Shocks.....	29
4. Flexible Wages.....	31
5. Diagrams.....	33
6. Summary.....	37
Chapter 3. The Small Union of Two Countries.....	39
1. The Model.....	39
2. Policies and Shocks.....	43
3. Numerical Examples.....	46
4. Diagrams.....	50
5. Policy Mixes: Diagrams.....	54
6. Policy Mixes: Numerical Examples.....	61
6.1. Monetary and Fiscal Policy.....	61
6.2. Monetary Policy and Wage Restraint.....	65
7. Summary.....	67

Part Two. The Small Country in the Large Union.....	71
1. Wage Shocks.....	73
2. Flexible Wages.....	76
3. Summary.....	78
Part Three. The Small Union	79
Chapter 1. The Small Union as a Whole.....	81
1. The Model.....	81
2. Monetary Policy.....	84
3. Fiscal Policy.....	88
4. Wage Shocks.....	90
5. Wage Restraint.....	93
6. Monetary Expansion or Wage Restraint.....	94
7. Monetary Expansion and Wage Restraint.....	96
8. Flexible Wages.....	97
9. General Export Functions.....	98
10. Initial Conditions.....	100
11. Real Wage Rigidity.....	101
12. Interest Shocks.....	107
13. Summary.....	109
Chapter 2. The Small Union of Two Countries.....	113
1. The Model.....	113
2. Monetary Policy.....	116
2.1. Different Income Sensitivities of Money Demand.....	116
2.2. Different Consumption Rates.....	117
2.3. Different Import Rates.....	118
2.4. Different Degrees of Openness.....	120
2.5. Different Country Sizes.....	121
2.6. Summary.....	123

3. Fiseal Policy.....	124
3.1. Different Income Sensitivities of Money Demand.....	124
3.2. Different Consumption Rates.....	126
3.3. Different Country Sizes.....	127
3.4. Summary.....	129
4. Some Shocks.....	130
5. Current Accounts.....	131
5.1. The Model.....	131
5.2. Fiseal Policy in Germany.....	133
5.3. Monetary Policy in the Union.....	137
5.4. Summary.....	140
6. Budget Deficits.....	142
7. Automatic Stabilizers.....	146
8. Balanced Budget Multip Hers.....	147
9. Wage Shocks.....	148
9.1. The Model.....	148
9.2. Wage Shocks in Germany.....	152
9.3. Summary.....	157
10. Diagrams.....	157
11. Real Wage Rigidity.....	167
Chapter 3. The Small Union of Three Countries.....	169
1. The Model.....	169
2. Fiseal Policy.....	171
3. Monetary Policy.....	173
4. Summary.....	174
Chapter 4. The Small Union of n Countries.....	175

Part Four. The Large Union	179
Chapter 1. The World as a Whole.....	181
1. The Sensitivity Approach.....	181
2. The Elasticity Approach.....	185
3. Summary.....	187
Chapter 2. The World of Two Regions.....	189
1. The Model.....	189
2. Fiseal Policy.....	193
3. Monetary Policy.....	196
4. A Special Case: The World Multiplier $1/2s$	199
5. Summary.....	202
Chapter 3. The World of Three Regions.....	205
1. The Model.....	205
2. Fiseal Policy.....	206
3. Monetary Policy.....	208
4. Summary.....	210
Chapter 4. The World of Four Regions.....	213
Chapter 5. The World of n Regions.....	217
Chapter 6. The Small Country in the Large Union.....	221
Chapter 7. The Large Union of Two Countries.....	223
1. Fiseal Policy.....	223
2. Monetary Policy.....	225
3. Policy Mixes.....	226
4. Summary.....	229

Synopsis.....	233
Conclusion.....	241
1. Basic Models.....	241
1.1. The Small Country in the Large Union.....	241
1.2. The Small Union as a Whole.....	242
1.3. The Small Union of Two Countries.....	244
2. The Small Union.....	249
2.1. The Small Union as a Whole.....	249
2.2. The Small Union of Two Countries.....	254
2.3. The Small Union of Three Countries.....	260
2.4. The Small Union of n Countries.....	261
3. The Large Union.....	262
3.1. The World as a Whole.....	262
3.2. The World of Two Regions.....	262
3.3. The World of Three Regions.....	264
3.4. The World of n Regions.....	266
3.5. The Large Union of Two Countries.....	267
3.6. The Small Country in the Large Union.....	269
Result.....	271
Symbols.....	275
Brief Survey of the Literature.....	277
References.....	281