Contents

part I Theory

- 1 Realities Behind the Veil of Money and Prices 3
- 2 Foreign Exchange: Rates, Instruments, and Markets 13
 Appendix to Chapter 2: Documents of International Finance 35
- 3 The Balance of International Payments 38
- 4 Monetary Systems and International Adjustment 57
- 5 International Adjustment Under Fixed Exchange Rates 68
 Appendix to Chapter 5: The Adjustment of Trade to Capital Movements 87
- 6 Exchange-Rate Adjustment and Other Mechanisms: A Preliminary Comparison 93
 - Appendix 1 to Chapter 6: Separate Weapons of Financial Policy 118

 Appendix 2 to Chapter 6: Arguments for and Against Large Currency Areas
 124
- 7 Balance-of-Payments Adjustment by Direct Controls 135
 Appendix to Chapter 7: A Case for Discriminatory Direct Controls 153
- 8 The Stability Conditions 158
 Appendix to Chapter 8: Derivation of the Exchange-Stability Conditions 179
- 9 Money in Analysis and Policy: Reconciliations with Other Approaches 182
- 10 The Terms of Trade 201
 Appendix to Chapter 10: Derivation of the Formula for the Effect of Ex-

- change-Rate Variation on the "Commodity" or "Net Barter" Terms of Trade 208
- 11 Exchange Rates and Price Levels 210
- 12 Speculation 231
- 13 Exchange Risk as an Obstacle to International Trade and Investment 252
- 14 Stabilizing Official Intervention 278

part II History and Policy

- 15 The Gold Standard Before World War I 295
- 16 Suspension and Attempted Restoration of the International Gold Standard 310
- 17 The Great Depression and the End of the Gold Standard 335
- 18 Further Currency Experience in the 1930s 357
- 19 Wartime and Early Postwar Financial Developments 377
- 20 The International Monetary Fund 390
- 21 Bilateralism, EPU, Convertibility, and Beyond 407 Appendix to Chapter 21: The Eurodollar Market 431
- 22 Sterling Since World War II 441
- 23 The French Franc Since World War II 473
- 24 The German Struggle Against Imported Inflation 485
- 25 Domestic Responses to External Imbalance: Japan and Italy 521
- 26 Canada's Fluctuating Exchange Rate 543
- **The United States Balance of Payments 566**Appendix to Chapter 27: The Dollar Shortage 589
- 28 The Crises of 1973 and General Floating 595
- 29 Diagnoses of the Need for Monetary Reform 611
- 30 Reforms of International Liquidity 619
- 31 Proposals for Thoroughgoing Reform 629
- 32 Compromise Reforms or Forthright Choice? 644

Index of Names 655
Index of Subjects 661