

Contents

Preface vii

Introduction ix

I Exchange Rates and the Balance of Payments

1 Adjustment in the World Economy 3

2 The J-Curve, the Fire Sale, and the Hard Landing 33

3 Differences in Income Elasticities and Trends in Real Exchange Rates 41

II Speculation and Exchange Rates

4 A Model of Balance-of-Payments Crises 61

5 Target Zones and Exchange Rate Dynamics 77

6 Speculative Attacks on Target Zones 91
 (with Julio Rotemberg)

III The Debt Crisis and Its Aftermath

7 Financing versus Forgiving a Debt Overhang 109

8 Market-Based Debt Reduction Schemes 125

9 Reducing Developing Country Debt 145

IV The International Monetary System

10 The International Role of the Dollar: Theory and Prospect 165

11 Policy Problems of a Monetary Union 185

Notes 205

References 209

Index 215