

This PDF is a selection from an out-of-print volume from the National Bureau of Economic Research

Volume Title: International Policy Coordination and Exchange Rate Fluctuations

Volume Author/Editor: William H. Branson, Jacob A. Frenkel, and Morris Goldstein, editors

Volume Publisher: University of Chicago Press

Volume ISBN: 0-226-07141-3

Volume URL: <http://www.nber.org/books/bran90-1>

Conference Date: October 27-29, 1988

Publication Date: January 1990

Chapter Title: Front matter, table of contents, and Overview, "International Policy Coordination and Exchange Rate Fluctuations"

Chapter Author: William H. Branson, Jacob Frenkel, Morris Goldstein

Chapter URL: <http://www.nber.org/chapters/c6943>

Chapter pages in book: (p. -12 - 0)



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# International Policy Coordination and Exchange Rate Fluctuations

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Jacob A. Frenkel,  
and Morris Goldstein

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International Policy  
Coordination and  
Exchange Rate  
Fluctuations



A National Bureau  
of Economic Research  
Conference Report

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Edited by

William H. Branson,  
Jacob A. Frenkel,  
and Morris Goldstein



The University of Chicago Press  
*Chicago and London*

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The University of Chicago Press, Chicago 60637  
The University of Chicago Press, Ltd., London

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All rights reserved. Published 1990  
Printed in the United States of America  
99 98 97 96 95 94 93 92 91 90      5 4 3 2 1

**Library of Congress Cataloging-in-Publication Data**

International policy coordination and exchange rate fluctuations / edited by William H. Branson, Jacob A. Frenkel, and Morris Goldstein.

p. cm. — (A National Bureau of Economic Research conference report)

“Contains the papers and formal discussions presented at a National Bureau of Economic Research conference held at Kiawah Island, South Carolina on October 27–29, 1988” — Pref.

Includes bibliographical references.

ISBN 0-226-07141-3 (alk. paper)

1. Foreign exchange administration—Congresses. 2. International economic relations—Congresses. I. Branson, William H. II. Frenkel, Jacob A. III. Goldstein, Morris. IV. National Bureau of Economic Research. V. Series: Conference report (National Bureau of Economic Research)

HG3851.I545 1990

332.4'564 — dc20

90-35942

CIP

∞ The paper used in this publication meets the minimum requirements of the American National Standard for Information Sciences—Permanence of Paper for Printed Library Materials, ANSI Z39.48-1984.

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Since this volume is a record of conference proceedings, it has been exempted from the rules governing critical review of manuscripts by the Board of Directors of the National Bureau (resolution adopted 8 June 1948, as revised 21 November 1949 and 20 April 1968).



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## Preface

This volume contains the papers and their formal discussions presented at a National Bureau of Economic Research conference held at Kiawah Island, South Carolina, on October 27–29, 1988. Each paper was assigned two discussants. Authors were given the opportunity to revise their papers after the conference, and discussants to revise after the paper revisions. An introductory chapter by the editors provides a “road map” to the book and highlights the main issues discussed at the conference.

In organizing the conference, the editors invited papers on salient aspects of coordination and exchange rates. One group of papers, by Jacob A. Frenkel, Morris Goldstein, and Paul R. Masson, by Peter B. Kenen, and by Jeffrey A. Frankel, addressed the scope, methods, and effects of coordination. A second pair of papers, by Maurice Obstfeld and by Francesco Giavazzi and Alberto Giovannini, analyzed either specific instruments of coordination, such as foreign-exchange market intervention, or the lessons of ongoing coordination efforts. Reflecting the important role played by exchange rate considerations in recent coordination efforts by the largest industrial countries, the paper by Paul R. Krugman examined the determinants of equilibrium real exchange rates. Finally, the influence of the financial regulatory structure and of multinational corporations in forming the economic environment for coordination was discussed in the papers by David Folkerts-Landau and by Kenneth A. Froot. The volume also contains a background paper on the adequacy of international data by Lois Stekler.

After the Kiawah Island conference, on February 16, 1989, the editors organized a one-day meeting to discuss the main results with policymakers at the Madison Hotel in Washington, D. C. Summary versions of the papers have been made available in typescript form by NBER as a Conference Report.

We would like to thank the Smith Richardson Foundation for financing this project through NBER including research support, a preconference meeting,

and the Washington meeting and Conference Report. Mark Fitz-Patrick assisted in preparing this volume, and Kirsten Foss Davis and Ilana Hardesty did their usual excellent job of conference and meeting organizing. As usual, the opinions expressed in this volume are those of the individual authors and do not necessarily reflect the views of NBER or the IMF.

William H. Branson  
Jacob A. Frenkel  
Morris Goldstein  
January 1990