

1. Record Nr.	UNINA9910297038203321
Autore	Stukenbrock Kai
Titolo	The stability of currency boards // Kai Stukenbrock
Pubbl/distr/stampa	Bern, : Peter Lang International Academic Publishing Group, 2018 Frankfurt am Main, Germany : , : Peter Lang, , [2004] Frankfurt am Main, Germany : , : Peter Lang, , [2018] ©2004
ISBN	3-631-75699-2
Edizione	[1st ed.]
Descrizione fisica	1 online resource (237 pages) : illustrations, charts; digital, PDF file(s)
Collana	CeGE-Schriften, , 1617-741X ; ; 8
Disciplina	332.46
Soggetti	Currency boards
Lingua di pubblicazione	Inglese
Formato	Materiale a stampa
Livello bibliografico	Monografia
Note generali	Originally presented as the author's doctoral thesis: Gottingen, 2003.
Nota di bibliografia	Includes bibliographical references.
Nota di contenuto	Cover -- List of Figures -- List of Tables -- List of Abbreviations -- List of Variables -- 1 Introduction -- 2 Currency Boards-An Overview -- 2.1 Basic Features of a Currency Board -- 2.1.1 Definition of a Currency Board -- 2.1.2 Currency Boards vs Central Banks -- 2.1.3 Flexibility in Design -- 2.2 Currency Board Characteristics -- 2.2.1 Credibility and Macroeconomic Stability -- 2.2.2 The Adjustment Process and Market Flexibility -- 2.2.3 Anchor Currency Selection-A Theory of Optimum Currency Areas Perspective -- 2.2.4 Monetary Policy, Lender of Last Resort Support, and Financial Fragility -- 2.2.5 Fiscal Policy -- 2.3 Conclusion -- 3 Past and Present Currency Boards -- 3.1 History of Currency Boards -- 3.1.1 General Overview -- 3.1.2 Foundations -- 3.1.3 The First Currency Boards (1849-1912) -- 3.1.4 The West African Currency Board (1913) -- 3.1.5 The Peak and Decline of the Currency Board System (1913-1974) -- 3.2 Hong Kong (1983) -- 3.2.1 Lead-Up to the Currency Board -- 3.2.2 Currency Board Design -- 3.2.3 Currency Board Performance -- 3.3 Argentina (1991- 2002) -- 3.3.1 Lead-Up to the Currency Board -- 3.3.2 Currency Board Design -- 3.3.3 The Early Years of the Currency Board and the Tequila Crisis -- 3.3.4 The Late Years and Currency Board Exit -- 3.4 Estonia (1992) and Lithuania (1994) -- 3.4.1 Lead-Up to the Currency Boards -- 3.4.2 Currency Boards Design -- 3.4.3 Currency Boards Performance

-- 3.4.4 Accession to the European Union and the European Monetary Union -- 3.5 Bulgaria (1997) -- 3.5.1 Lead-Up to the Currency Board -- 3.5.2 Currency Board Design -- 3.5.3 Currency Board Performance -- 3.6 Summary -- 4 Stability and Instability of Currency Boards-a Theoretical Analysis -- 4.1 Models of Currency Crises -- 4.1.1 First and Second Generation Currency Crises Models -- 4.1.2 Critique of Second Generation Crises Models. 4.1.3 Classification of the Currency Board Crises Model -- 4.2 The Standard Model -- 4.2.1 Model Outline -- 4.2.2 Discretionary Exchange Rate Policy -- 4.2.3 Fixed Exchange Rate and Time-Inconsistency -- 4.2.4 Political Cost of Devaluation and Incomplete Information -- 4.2.5 Possible Equilibria -- 4.2.5.1 FC equilibrium -- 4.2.5.2 ZC equilibrium -- 4.2.5.3 PC equilibria -- 4.2.5.4 Graphical Representation and Multiple Equilibria -- 4.2.5.5 Model Parameters and Types of Equilibria -- 4.2.6 Inter-temporal Linkages and Dynamic Effects -- 4.2.7 Stability of the Currency Board -- 4.2.7.1 Gains from Increased Credibility -- 4.2.7.2 Destabilization through Unemployment -- 4.2.7.3 Destabilization through a Sequence of PC Equilibria -- 4.2.7.4 Employment-Decreasing Shocks -- 4.2.7.5 Conclusion -- 4.2.8 Loss from Exit -- 4.3 The Model with Debt -- 4.3.1 Possible Effects of Foreign-Currency Debt on the Model Economy -- 4.3.2 Unemployment -- 4.3.3 Discretionary and Fixed Exchange Rate Policy -- 4.3.4 Model Equilibria -- 4.3.5 Graphical Representation and Interpretation of the Modified Model -- 4.3.6 Model Dynamics and Resilience to Shocks -- 4.3.7 Loss from Exit and Conclusion -- 5 Conclusion -- 5.1 Currency Board Selection -- 5.2 Currency Board Stability -- 5.3 The Risks -- 5.4 Outlook -- Appendices -- A Currency Boards 1849-2002 Overview -- B Currency Board Design Features -- C Derivation of Equations -- C.1 The Standard Model -- C.1.1 Derivation of Devaluation and Loss Equations (4.6) and (4.7) -- C.1.2 Proof that (4.9) Greater than (4.11) -- C.1.3 Difference Loss Fixed and Loss Discretionary Exchange Rate -- C.1.4 Derivation of Equation (4.19), Expected Devaluation -- C.1.5 Derivation of Unemployment Equation (4.24) -- C.1.6 Derivation of Unemployment Equation (4.28) -- C.1.7 Derivation of critical value for c (4.30).

Sommario/riassunto

The 1990s saw a revival of the currency board system, and proponents have advocated it as an easy-to-set-up exchange rate arrangement providing effective stabilization of the economy. However, the experience of Argentina has highlighted the risks of having a currency board. This study presents both the potential benefits, as well as the risks, of having a currency board by examining the stability of the currency board arrangement and identifying factors affecting the stability. The analysis is based on second-generation currency crisis models, extended to incorporate currency-board specific features and to account for particular aspects often found in currency-board economies.
