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| Soggetti                | Dollar, American<br>Foreign exchange rates - United States<br>Devaluation of currency - United States<br>United States Foreign economic relations                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
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| Nota di contenuto       | Intro -- DOLLAR DEPRECIATION: ECONOMIC EFFECTS AND POLICY RESPONSE -- DOLLAR DEPRECIATION: ECONOMIC EFFECTS AND POLICY RESPONSE -- Library of Congress Cataloging-in-Publication Data -- Contents -- Preface -- Chapter 1: The Depreciating Dollar: Economic Effects and Policy Response* -- Summary -- Introduction -- Broad Economic Forces that Affect the Dollar -- Determinants of the Size and Direction of Cross-Border Asset Flows -- Interest Rate Differentials between the United States and Other Economies -- Investors' Expectations About the Future Path of the Dollar -- Investors Diversifying Their Portfolio of Assets -- Other Factors that Influence the International Demand for Dollar Assets -- The Size and Liquidity of U. S. Asset Markets -- U.S. Asset Markets are Often Seen as "Safe Havens" -- The Dollar is the Principal Global "Reserve Currency" -- How Will These Determinants Interact to Affect the Dollar? -- Likely Effects of Dollar Depreciation -- A Smaller Trade Deficit -- U.S. International Purchasing Power Decreases -- U.S. Net External Debt is Reduced -- World Commodity Prices (in Dollars) Tend to Increase -- Other Possible Effects of Dollar Depreciation -- U.S. Interest Rates Could Increase -- Dollar's Reserve Currency Role Could Be Reduced -- Risk of a Dollar |

Crisis Could Be Increased -- Policies that Could Influence the Dollar -- Does the United States Have a Dollar Policy? -- Policies to Influence the Demand for U.S. Assets -- Direct Intervention in the Foreign Exchange Market -- Monetary Policy -- Fiscal Policy and Federal Debt -- Policies to Increase the Demand for U.S. Exports -- Lower Foreign Trade Barriers -- Support for Development of New Products -- Indirect Government Influence on the Dollar -- Global Imbalances, the Dollar, -- and Economic Policy -- End Notes -- Chapter 2: Dollar Crisis: Prospect and Implications\* -- Summary. Introduction -- Anatomy of Dollar Crisis -- Possible Reasons Why -- a Dollar Crisis Won't Occur -- Global Savings Glut -- Bretton Woods II -- Dark Matter -- Liquidity Services -- Insurance Services -- Knowledge Services -- The Macroeconomic Effects of a Dollar Crisis -- The Response of Economic Policy -- Response of U.S. Economic Policy -- Response of Foreign Economic Policy -- Conclusion -- End Notes -- Chapter 3: The Dollar's Future as the World's Reserve Currency: The Challenge of the Euro\* -- Summary -- The Rising International Importance of "Official Holdings " -- The Roles of a Reserve Currency -- Four Factors Influencing Choice of a Reserve Currency -- The Current Currency Composition of Official Reserves -- Euro vs. Dollar -- As a Medium of Exchange -- As a Unit of Account -- As a Store of Value -- Conclusion -- End Notes -- Chapter 4: The U.S. Trade Deficit, the Dollar, and the Price of Oil\* -- Summary -- Overview -- The Dollar and the Price of Oil -- Real and Nominal Oil Prices -- Major Currencies -- The Price of Oil -- Oil Exchanges -- Oil Demand and Supply -- The International Exchange Value of the Dollar -- Capital Flows -- U.S. Financial Balance -- Foreign Exchange Market -- The U.S. Trade Deficit -- Conclusions -- End Notes -- Chapter Sources -- Index.

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## Sommario/riassunto

A trend depreciation of the dollar since 2002 raises concern among some in Congress and the public that the dollar's decline is a symptom of broader economic problems, such as a weak economic recovery, rising public debt, and a diminished standing in the global economy. However, a failing currency is not always a problem, but possibly an element of economic adjustments that are, on balance, beneficial to the economy. This book examines the economic context in which to view the dollar's recent and prospective movement, and analyzes the evolution of the exchange rate since its peak in 2002. It also discusses several factors that are likely to influence the dollar's medium-term path, what effects a depreciating dollar could have on the economy, and how alternative policy measures that could be taken by the Federal Reserve and the Treasury might influence the dollar's path.

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