

Introduction	1
---------------------------	----------

Part One. The Closed Economy	11
---	-----------

1. The Static Model	13
1.1. Fixed Wages	13
1.2. Flexible Wages	16
2. Given Money Growth.....	17
2.1. The Dynamic Model.....	17
2.2. Inflation and Wage Growth.....	20
2.3. Nominal and Real Interest Rates	22
3. Target Inflation and Required Money Growth.....	23

Part Two. The World of Two Monetary Regions.....	27
---	-----------

Chapter 1. The Static Model	29
--	-----------

1. Fixed Wages	29
2. Flexible Wages	38

Chapter 2. Given Money Growth	41
--	-----------

1. The Dynamic Model.....	41
2. Inflation and Depreciation.....	45
2.1. Producer Inflation	45
2.2. Nominal Depreciation	46
2.3. Real Depreciation	48
2.4. Consumer Inflation	50
3. Wage Growth	55
3.1. Productivity Growth	55
3.2. Labour Growth	60
4. Nominal and Real Interest Rates	66

Chapter 3. Target Inflation and Required Money Growth	71
1. Required Money Growth	71
1.1. The Dynamic Model	71
1.2. Required Money Growth	72
1.3. Nominal Depreciation	74
1.4. Nominal Interest Rates	75
1.5. Producer Inflation	77
2. Wage Growth	79
2.1. The Dynamic Model	79
2.2. Productivity Growth	80
2.3. Labour Growth	83

Chapter 4. The Monetary Regions Differ in Size	87
---	-----------

Part Three. The Monetary Union of Two Countries.....91

Chapter 1. The Static Model	93
1. Fixed Wages	93
2. Flexible Wages	106

Chapter 2. Given Money Growth	109
1. The Dynamic Model	109
2. Inflation and Depreciation	115
2.1. Producer Inflation	115
2.2. Nominal Depreciation	116
2.3. Real Depreciation	117
2.4. Consumer Inflation	120
3. Wage Growth	125
3.1. Productivity Growth	125
3.2. Labour Growth	130
4. Nominal and Real Interest Rates	136

Chapter 3. Target Inflation and Required Money Growth	141
1. The Dynamic Model	141
2. Required Money Growth	143
3. Wage Growth	146

Chapter 4. The Union Countries Differ in Size.....	151
---	------------

Part Four. A One-Good Model of the World Economy ...157

Chapter 1. The World of Two Monetary Regions	159
1. The Static Model	159
2. The Dynamic Model.....	161
3. Inflation and Depreciation.....	162
4. Wage Growth	164
5. Nominal and Real Interest Rates	165
6. Target Inflation and Required Money Growth.....	167

Chapter 2. The Monetary Union of Two Countries	171
1. The Static Model	171
2. The Dynamic Model.....	172
3. Given Money Growth.....	174
4. Target Inflation and Required Money Growth.....	177

Part Five. Microfoundations for a Monetary Union179

Chapter 1. The World of Two Monetary Regions	181
1. The Approach	181
2. The Demand Functions of European Households.....	182
3. The Demand Functions of American Households	185
4. The Market for European Goods.....	188
5. The Market for American Goods	189
6. A First Model of Europe and America.....	190
7. The Consumption, Export and Import Functions of Europe.....	191
8. The Consumption, Export and Import Functions of America	194
9. A Second Model of Europe and America	197

Chapter 2. The Monetary Regions Differ in Size.....	199
1. The Model	199
2. The Exact Solution	200
3. An Approximate Solution for the Small Monetary Region	202

Chapter 3. The Large Monetary Union of Two Countries	205
1. The Approach.....	205
2. The Demand Functions of German Households	207
3. The Demand Functions of French Households	210
4. The Demand Functions of American Households	211
5. The Market for German Goods	213
6. The Market for French Goods.....	214
7. The Market for American Goods	215
8. A First Model of Germany, France and America	217
9. The Consumption, Export and Import Functions of Germany	218
10. The Consumption, Export and Import Functions of France	222
11. The Consumption, Export and Import Functions of America	226
12. A Second Model of Germany, France and America	231

Chapter 4. The Small Monetary Union of Two Countries.....	233
--	------------

Synopsis.....	235
----------------------	------------

1. The World of Two Monetary Regions	235
1.1. Given Money Growth.....	235
1.2. Target Inflation and Required Money Growth.....	238
2. The Monetary Union of Two Countries	240
2.1. Given Money Growth.....	240
2.2. Target Inflation and Required Money Growth.....	243
3. A One-Good Model of the World Economy	245
3.1. The World of Two Monetary Regions	245
3.2. The Monetary Union of Two Countries	249

Conclusion.....	253
1. The World of Two Monetary Regions	253
1.1. Given Money Growth.....	253
1.2. Target Inflation and Required Money Growth.....	259
1.3. The Monetary Regions Differ in Size	263
2. The Monetary Union of Two Countries	264
2.1. Given Money Growth.....	264
2.2. Target Inflation and Required Money Growth.....	270
2.3. The Union Countries Differ in Size	272
3. A One-Good Model of the World Economy.....	272
3.1. The World of Two Monetary Regions	272
3.2. The Monetary Union of Two Countries	275
4. Microfoundations for a Monetary Union	276
4.1. The World of Two Monetary Regions	276
4.2. The Monetary Union of Two Countries	278
 Result	 281
1. The World of Two Monetary Regions	281
1.1. Given Money Growth.....	281
1.2. Target Inflation and Required Money Growth.....	283
2. The Monetary Union of Two Countries	285
2.1. Given Money Growth.....	285
2.2. Target Inflation and Required Money Growth.....	287
 Symbols.....	 289
 A Brief Survey of the Literature	 291
 References	 295
 Index	 303



<http://www.springer.com/978-3-540-43359-0>

Inflation in a Monetary Union

Carlberg, M.

2002, XV, 305 p., Hardcover

ISBN: 978-3-540-43359-0