

# Macroeconomics in Emerging Markets

*Second Edition*

**PETER J. MONTIEL**

*Williams College, Williamstown, Massachusetts*



**CAMBRIDGE**  
UNIVERSITY PRESS

# Contents

<i>Preface</i>	<i>page ix</i>
<b>PART 1 THE MACROECONOMIC FRAMEWORK</b>	
1 Introduction and Overview	3
2 Concepts and Definitions: The Macroeconomic Accounts	21
3 Short-Run Macroeconomics and Long-Run Growth	45
<b>PART 2 A BENCHMARK MACROECONOMIC MODEL</b>	
4 The Aggregate Production Function, the Labor Market, and Aggregate Supply	77
5 Aggregate Demand and Goods-Market Equilibrium	98
6 Financial Markets	118
7 Short-Run Macroeconomic Equilibrium	152
8 Medium-Run Macroeconomic Equilibrium	180
<b>PART 3 PUBLIC FINANCE AND MACROECONOMIC PERFORMANCE</b>	
9 The Intertemporal Budget Constraint of the Public Sector	217
10 Sovereign Risk Premia	242
11 Fiscal Institutions	261
12 Privatization	284
13 High Inflation and Inflation Stabilization	296
<b>PART 4 MONETARY INSTITUTIONS AND MONETARY POLICY</b>	
14 Monetary Institutions	329
15 Inflation Targeting	346

## PART 5 EXCHANGE RATE MANAGEMENT

16	Equilibrium Real Exchange Rates	369
17	The Benchmark Model with Floating Exchange Rates	393
18	Exchange Rate Regimes	421
19	Managing an Officially Determined Rate	448

## PART 6 THE FINANCIAL SECTOR AND MACROECONOMIC PERFORMANCE

20	Finance, Welfare, and Growth	469
21	Financial Repression	497
22	Financial Reform	525
23	The Benchmark Model with Banks	558
24	Coping with Capital Inflows	577

## PART 7 VARIETIES OF EMERGING-MARKET CRISES

25	Sovereign Debt Crises	611
26	Banking Crises	633
27	Currency Crises and Crisis Interactions	649
28	Lessons from the Emerging-Market Crises of the 1990s and 2000s	680
29	Lessons from the Great Recession	705

	<i>Index</i>	745
--	--------------	-----