

Global Finance and the Macroeconomy

Also by A.J. Makin

INTERNATIONAL CAPITAL MOBILITY AND EXTERNAL ACCOUNT
DETERMINATION

OPEN ECONOMY MACROECONOMICS

Global Finance and the Macroeconomy

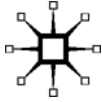
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Preface and Acknowledgements

International finance and open economy macroeconomics have grown strongly as sub-fields of economics over recent years, reflecting the rapid globalisation of markets for goods, services and assets and the need to understand its economy-wide implications. Accordingly, it is no longer sensible to interpret economic and financial behaviour for any country or region without regard to its international investment and trade flows which, ultimately, affect the welfare of all consumers and producers of goods and services.

The purpose of this book is to provide a thorough exposition of theoretical models in this area, also known as international monetary economics. These models, founded on solid international macroeconomic accounting foundations, link global capital flows and the main financial and real economy-wide variables, including exchange rates, interest rates, national output, national expenditure, exports, imports, the current account, foreign debt, money supplies and inflation.

A key feature of the analysis is its heavy reliance on graphical techniques to reinterpret ever important international monetary issues, such as the significance of external deficits, international capital mobility, interest differentials, capital flight and how monetary and fiscal policies operate in open economies.

Of necessity, this work draws in part on my earlier book, *International Capital Mobility and External Account Determination*, one of the first books to expound and extend capital-theoretic approaches to the open economy, including the now popular intertemporal model. However, it earns its status as a new book through inclusion of substantial new material on a wider range of related themes, such as financial globalisation, the international flow of funds, international parity relations, exchange rate behaviour, monetary and fiscal policy and financial crises in emerging economies.

Finally, thanks are due to those individuals most closely involved in the production process, especially to Amy Lindley, Robyn McDonald and Brenda Marshall of The University of Queensland, and to Amanda Watkins, Alison Howson, Keith Povey and the team at the publishers.