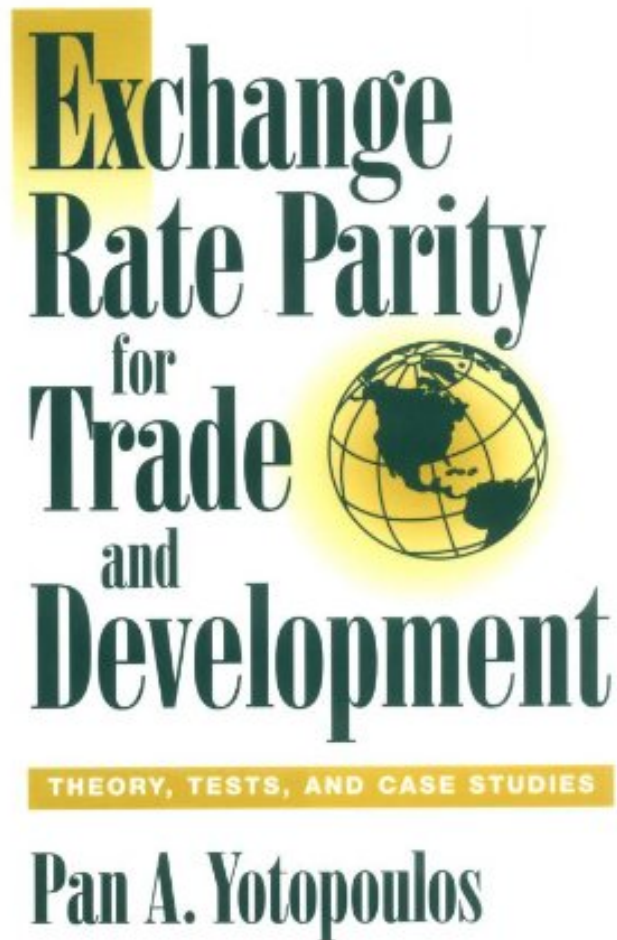


Exchange Rate Parity for Trade and Development: Theory, Tests, and Case Studies

Pan A. Yotopoulos

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Pan A. Yotopoulos : Exchange Rate Parity for Trade and Development: Theory, Tests, and Case Studies before purchasing it in order to gauge whether or not it would be worth my time, and all praised Exchange Rate Parity for Trade and Development: Theory, Tests, and Case Studies:

1 of 6 people found the following review helpful. Narrow and Pedantic
By A Customer
The author harnesses empirical data but fails to put forth any meaningful hypothesis concerning the declining value of money in third world countries. I find the scholarship a bit narrow-minded. For example, the idea that the devaluation of the peso is the systematic

outcome of the free currency market is poorly hatched and hardly researched. The author fails to address the geopolitical landscape as potential causes for this loss of value and refuses to discuss the issue of NAFTA in a coherent way. My thinking is that the author is a pampered, ivory tower intellectual who has lost touch with his ability to reason.

This book extends recent theories of incomplete markets to investigate empirically the appropriate balance between the market and the state in the trade relations between developed and developing countries. The conclusion is that in an ideal world government intervention in foreign exchange and trade is necessary in developing countries in the early stages and inevitably decreases as development occurs. Rationing of foreign exchange prevents a 'soft currency distortion' that commonly afflicts developing countries and can turn comparative advantage trade into competitive devaluation trade, with severe losses of income and welfare. Yotopoulos finds that the level of underdevelopment narrowly circumscribes and conditions the extent to which free-market, free-trade, laissez-faire can be beneficial, contrary to the mainstream policy paradigm as currently applied. The analysis and tests draw on empirical research from seventy countries and four extended country studies to confirm the usefulness and validity of the theoretical framework.