

I'm Baaaaack!

How was your week?

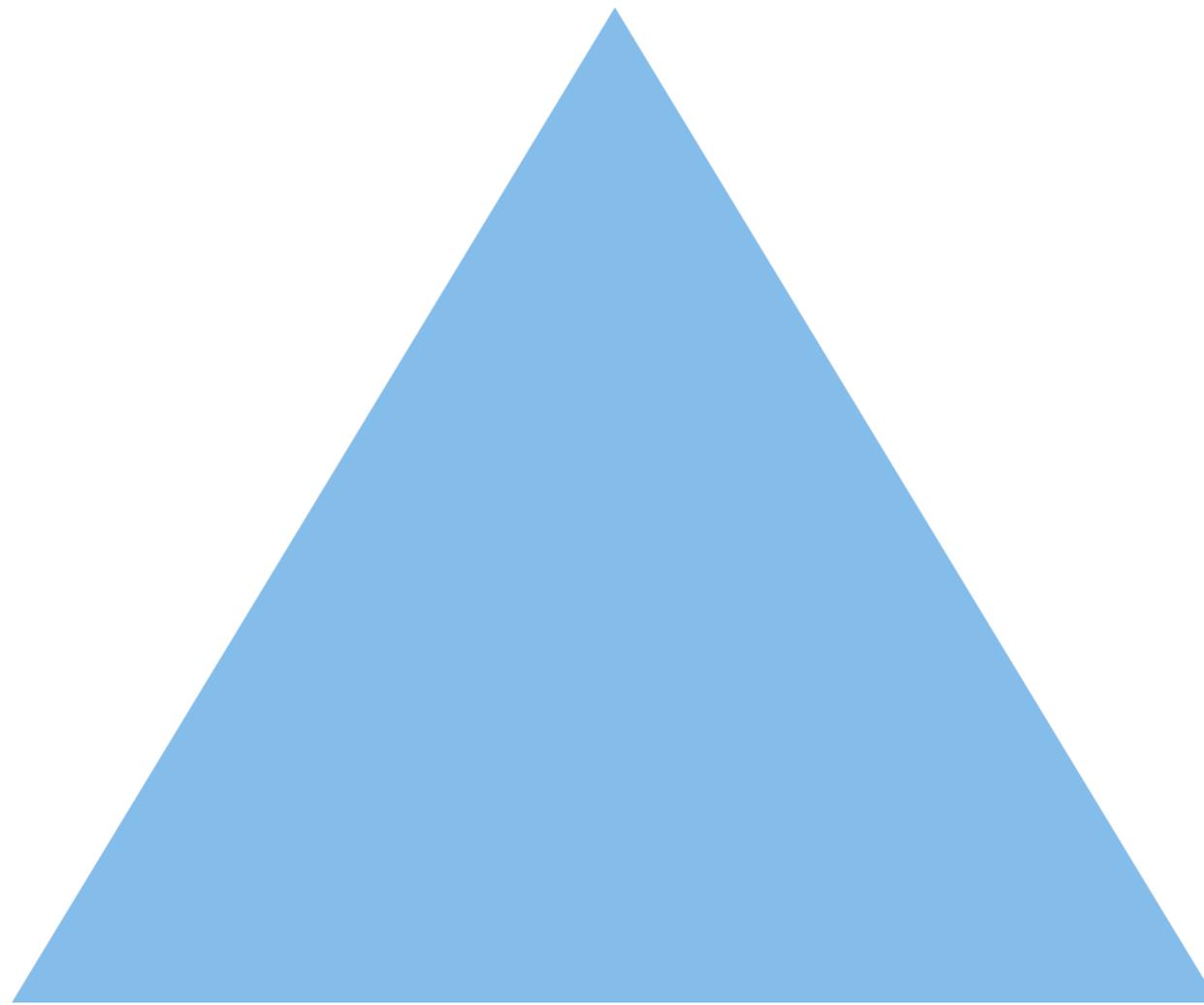
- Weather?
- Scenery?
- Wildlife?
- Uglyness?
- Rock concerts? or Videos?

Macro Management

- Objectives
 - Control inflation
 - Control unemployment
 - Maximize efficiency

Choose two

Inflation

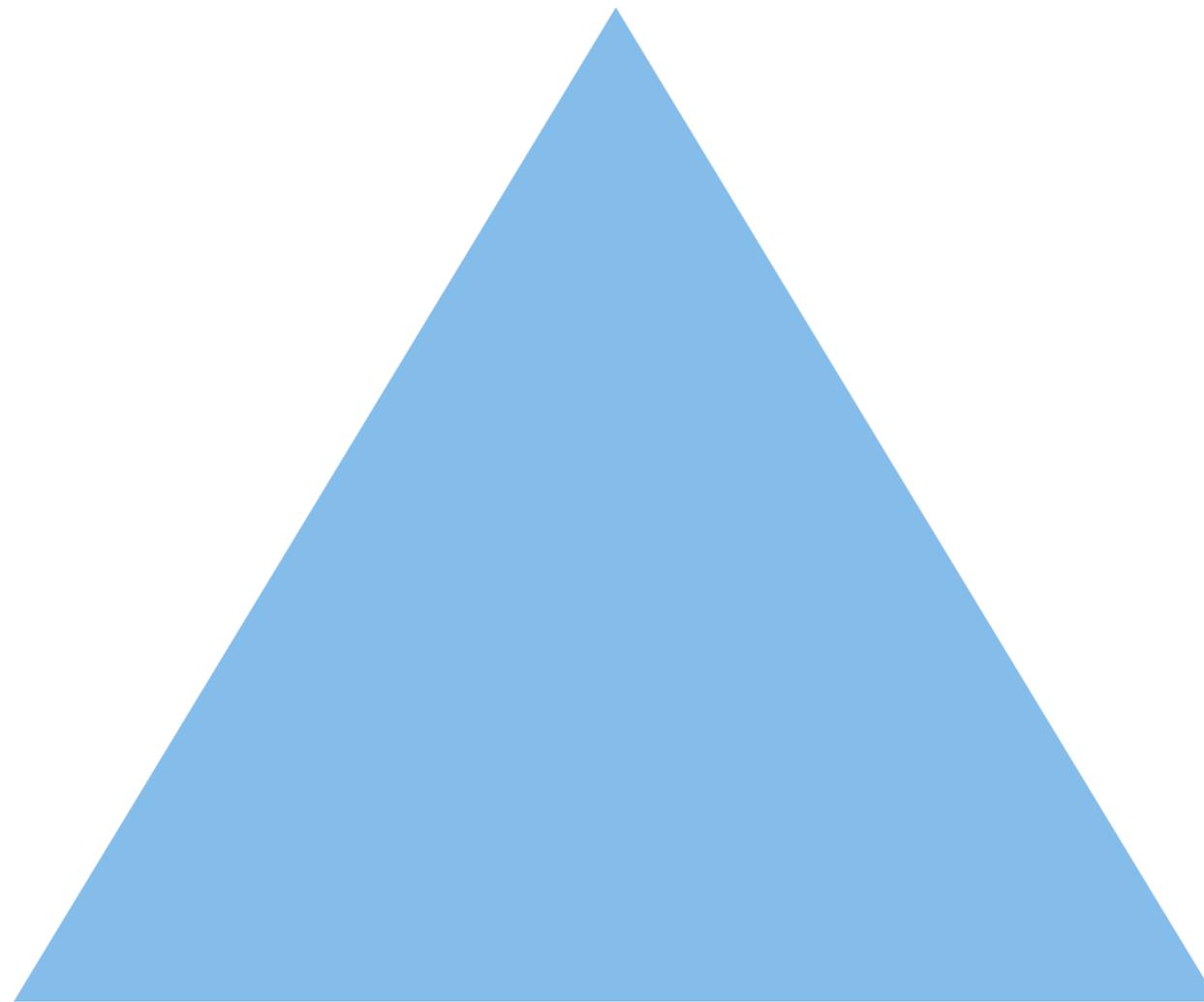


Unemployment

Efficiency

Unholy Trinity

Stable Exchange Rate



Monetary
Autonomy

Free Capital
Flows

Unholy Trinity

Stable Exchange Rate

Capital Controls

Fixed Exchange Rate

Monetary
Autonomy

Free Capital
Flows

Flexible Exchange Rate

Monetary Policy

	Objectives		
	Inflation	Unemployment	Efficiency
US			
Europe			
Japan			
China			
Brazil			
Chile			

Monetary Policy

	Monetary Policy Arrangement			
	Exchange Rate	Independence	Capital Controls (in/out)	
US				
Europe				
Japan				
China				
Brazil				
Chile				

What can we do?

- Monetary Policy
 - Two levers - two objectives
- Fiscal Policy
 - Stabilization funds could help the unemployment objective
 - Use monetary policy to deal with free capital flows and inflation
 - Use Fiscal Policy to deal with the level of domestic activity: unemployment

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