The Political Economy of Central Banking

Edited by Philip Arestis, University Director of Research, Cambridge Centre for Economic and Public Policy, Department of Land Economy, University of Cambridge and Fellow, Wolfson College, UK and Malcolm Sawyer, Emeritus Professor of Economics, University of Leeds, UK

A number of the authors challenge the foundations for the growing claims that increased central bank independence will ensure, at no cost, that inflation is both lower and less variable, finding that there are significant employment costs associated with central bank independence. The authors also discuss theoretical issues, including the meaning of, and possibilities for, monetary policy in an endogenous money framework. They go on to examine central banking in a number of countries including the G7 group, Italy and New Zealand. Finally, they also provide explanations for the evident instabilities of the Exchange Rate Mechanism in recent years and offer words of caution for the European Central Bank.

‘. . . provides a wealth of practical policy advice including cautions for the proposed European Central Bank.’

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