

## Abstract

This book explores the scope and limits of macroeconomic policy in a monetary union. The focus is on pure policies, policy mixes, and policy coordination. The leading protagonists are the union central bank, national governments, and national trade unions. Special emphasis is put on wage shocks and wage restraint. This book develops a series of basic, intermediate, and advanced models. The monetary union is an open economy with high capital mobility. The exchange rate between the monetary union and the rest of the world is floating. The world interest rate can be exogenous or endogenous. The union countries may differ in money demand, consumption, imports, openness, or size. A striking feature is the numerical estimation of policy multipliers. A lot of diagrams serve to illustrate the subject in hand.

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