

Chapter 16 Update: Fixed Exchange Rates

Kenneth A. Reinert, *An Introduction to International Economics: New Perspectives on the World Economy*, Cambridge University Press, 2012.

Table 16.1A: Exchange Rate Arrangements, 2008

Arrangement	Description	Number of Countries
Flexible or (clean) float	The exchange rate is market determined.	40
Managed (dirty) float	The exchange rate is primarily market determined, but the country's monetary authority intervenes in the currency market to influence the movements of the exchange rate.	44
Crawling bands	The country's monetary authority intervenes to maintain the exchange rate in a band around a central rate, and these bands are periodically adjusted.	2
Crawling pegs	The exchange rate is fixed in value to another currency or to a "basket" of other currencies, but adjusted periodically by small amounts.	8
Fixed	The exchange rate is fixed in value to another currency or to a "basket" of other currencies.	71
Currency board	The exchange rate is fixed in value to another currency, and domestic currency is fully backed by reserves of this foreign currency.	13
No separate legal tender	The legal tender of the country is a currency of another country	10

Source: International Monetary Fund, www.imf.org

Table 16.1B: Exchange Rate Arrangements, 2014

Broad Type	Arrangement	Description	Number of Countries
Floating	Free or floating	The exchange rate is fully market determined.	29
	Floating	The exchange rate is largely market determined, but the country's monetary authority intervenes in the currency market to influence the movements of the exchange rate but not its trend.	36
Soft peg	Crawling bands	The country's monetary authority intervenes to maintain the exchange rate in a band around a central rate, and these bands are periodically adjusted.	1
	Crawling pegs	The exchange rate is fixed in value to another currency or to a "basket" of other currencies, but adjusted periodically by small amounts.	17
	Stabilized arrangement	Meets statistical criteria for stability without the government formally committing to a peg.	21
	Fixed or conventional peg	The exchange rate is fixed in value to another currency or to a "basket" of other currencies.	44
Hard peg	Currency board	The exchange rate is fixed in value to another currency, and domestic currency is fully backed by reserves of this foreign currency.	12
	No separate legal tender	The legal tender of the country is a currency of another country.	13
Residual	Other managed arrangements	A residual category often characterized by frequent regime changes.	18

Source: International Monetary Fund, www.imf.org

Table 16.1C: Exchange Rate Arrangements, 2008-2014

Broad Type	Arrangement	2008	2009	2010	2011	2012	2013	2014
<i>Floating</i>		39.9	42.0	36.0	34.7	34.7	34.0	34.0
	Free or floating	19.7	17.6	15.9	15.8	16.3	15.7	15.2
	Floating	20.2	24.5	20.1	18.9	18.4	18.3	18.8
<i>Soft peg</i>		39.9	34.6	39.7	43.2	39.5	42.9	43.5
	Crawling bands	1.1	2.1	1.1	0.5	0.5	0.5	0.5
	Crawling pegs	3.8	3.2	2.7	7.9	7.9	8.9	8.9
	Stabilized arrangement	12.8	6.9	12.7	12.1	8.4	9.9	11.0
	Fixed or conventional peg	22.3	22.3	23.3	22.6	22.6	23.6	23.0
<i>Hard peg</i>		12.2	12.2	13.2	13.2	13.2	13.1	13.1
	Currency board	6.9	6.9	6.9	6.3	6.3	6.3	6.3
	No separate legal tender	5.3	5.3	6.3	6.8	6.8	6.8	6.8
<i>Residual</i>								
	Other managed arrangements	8.0	11.2	11.1	8.9	12.6	9.9	9.4

Source: International Monetary Fund, www.imf.org