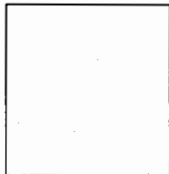


# *Sticky-Price Dynamics and the Choice of an Exchange Rate Regime*

*Marco A. Rodríguez W.\**

*his paper studies the performance of two exchange rate regimes by using a dynamic general equilibrium model of the global economy in which nominal prices are temporarily rigid, and producers are monopolistically competitive. The performance of the regimes is evaluated in terms of the welfare effects that each regime supports when the economy is subjected to monetary, fiscal, and productivity shocks. The effort to provide the macroeconomic analysis of the global economy with microfoundations, renders a new view of the mechanisms and incentives operating in the positive reaction of the economy to a variety of shocks. Also, it helps in the design of policy recommendations addressed to affect welfare.*



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