PS343: Political Economy of Developed Democracies
The Implications of Capital Mobility, Exchange-Rate Regime, & Central Bank Independence for Electoral and Partisan Cycles in Fiscal and Monetary (i.e., Aggregate-Demand, i.e. Macro-) Policies from Clark, *Capitalism, Not Globalism*

- **Capital Immobile** => Fiscal & Monetary Policies Effective & Maneuverable
  - Central Bank Independent => Govt not Control Monetary Policy
    - (if CB non-strategic) => Fiscal Cycles => Outcome Cycles
      - (if CB strategic, CB uses monetary policy to threaten govt to constrain fiscal activism => smaller Fiscal Cycles, contrary Monetary Cycles => smaller Outcome Cycles)
  - Central Bank Dependent => Govt Controls Monetary Policy
    - => Fiscal & Monetary Cycles => (larger?) Outcome Cycles

- **Capital Mobile** => Fiscal & Monetary Policies Efficacy & Maneuverability Depend on Exchange-Rate Regime
  - Exchange Rate Fixed => Monetary Policy unavailable (to CB or Govt), but Fiscal Policy esp. effective
    - => (larger?) Fiscal Cycles => Outcome Cycles
  - Exchange Rate Float => Fiscal Policy relatively ineffective, but Monetary Policy esp. effective
    - Central Bank Independent => Govt not Control Monetary Policy
      - => No Cycles
    - Central Bank Dependent => Govt Controls Monetary Policy
      - => (larger?) Monetary Cycles => Outcome Cycles

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