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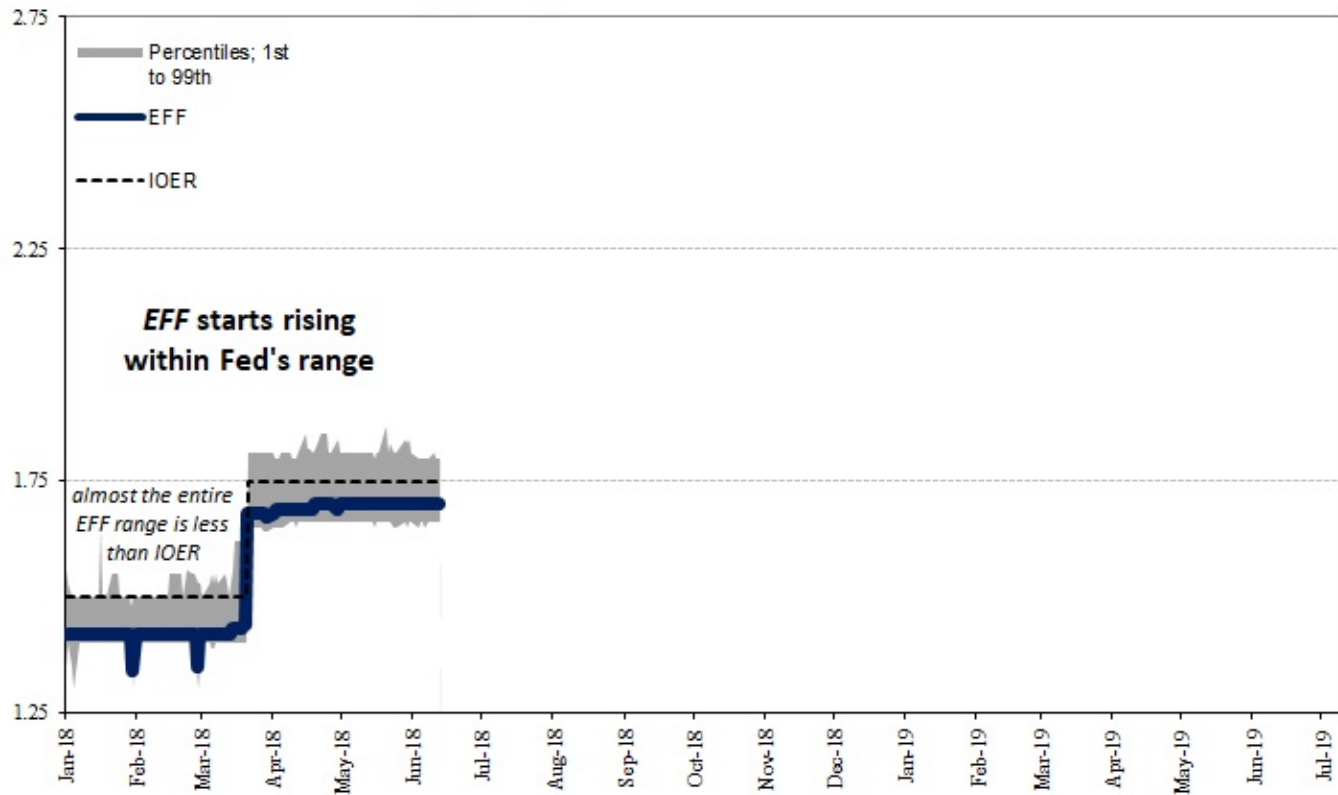
Pushing the Fed THE YEAR IN EFF

(‘dollars’ and economy)



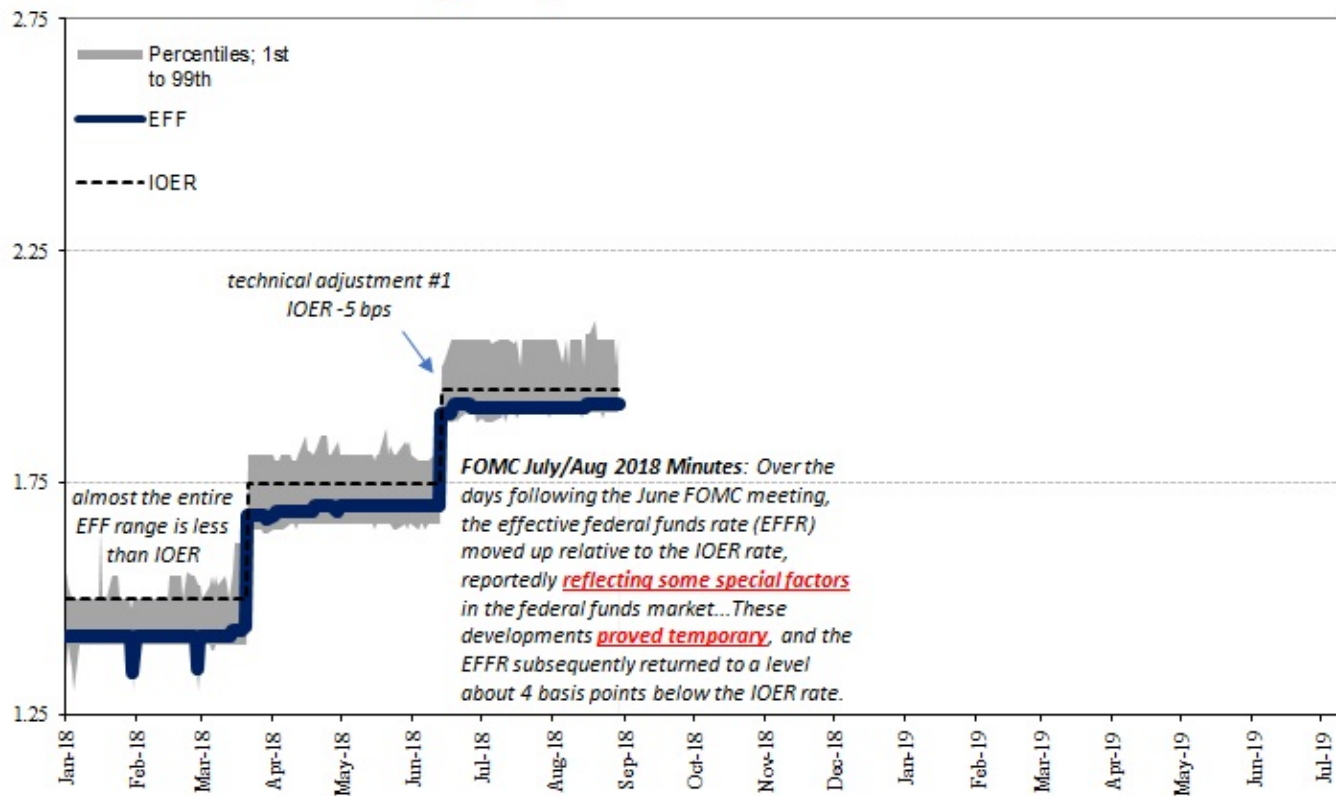


Federal Funds: **Trading Range**



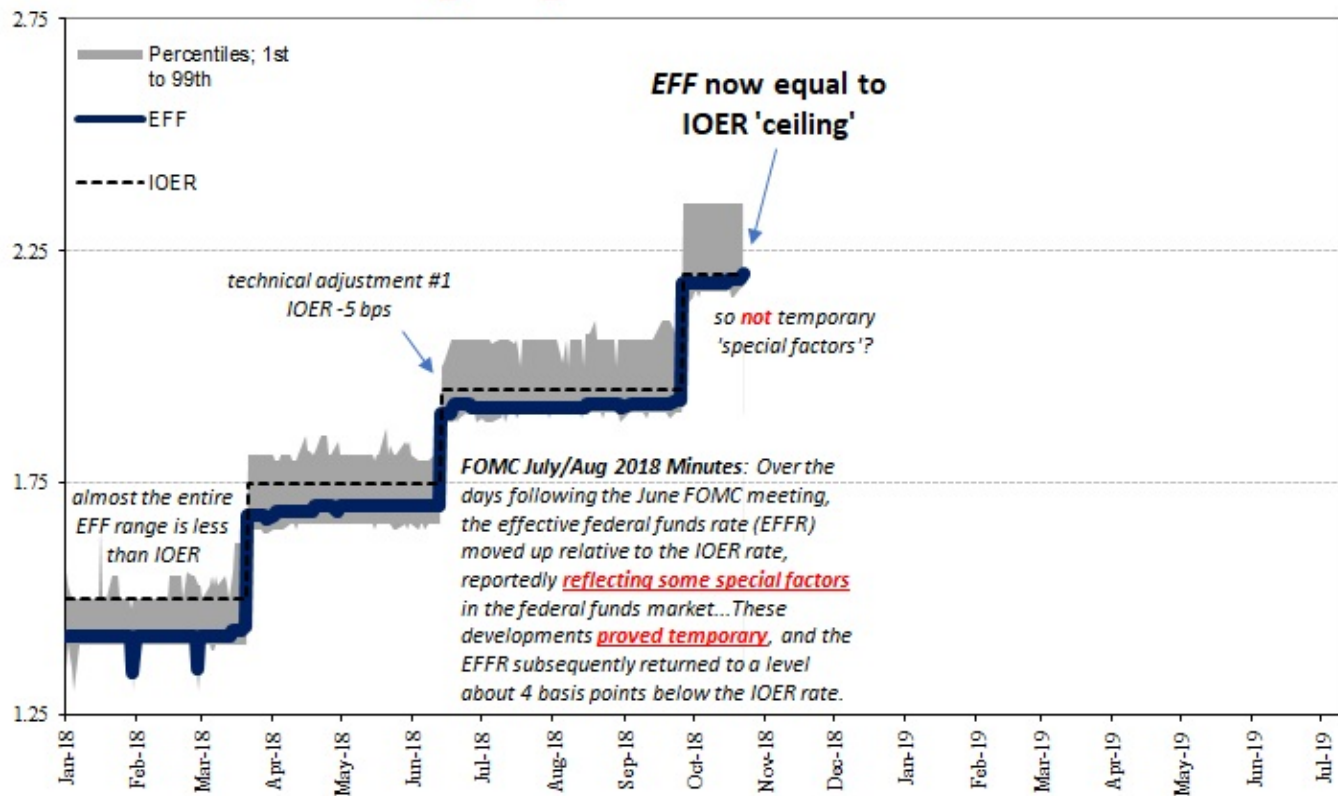


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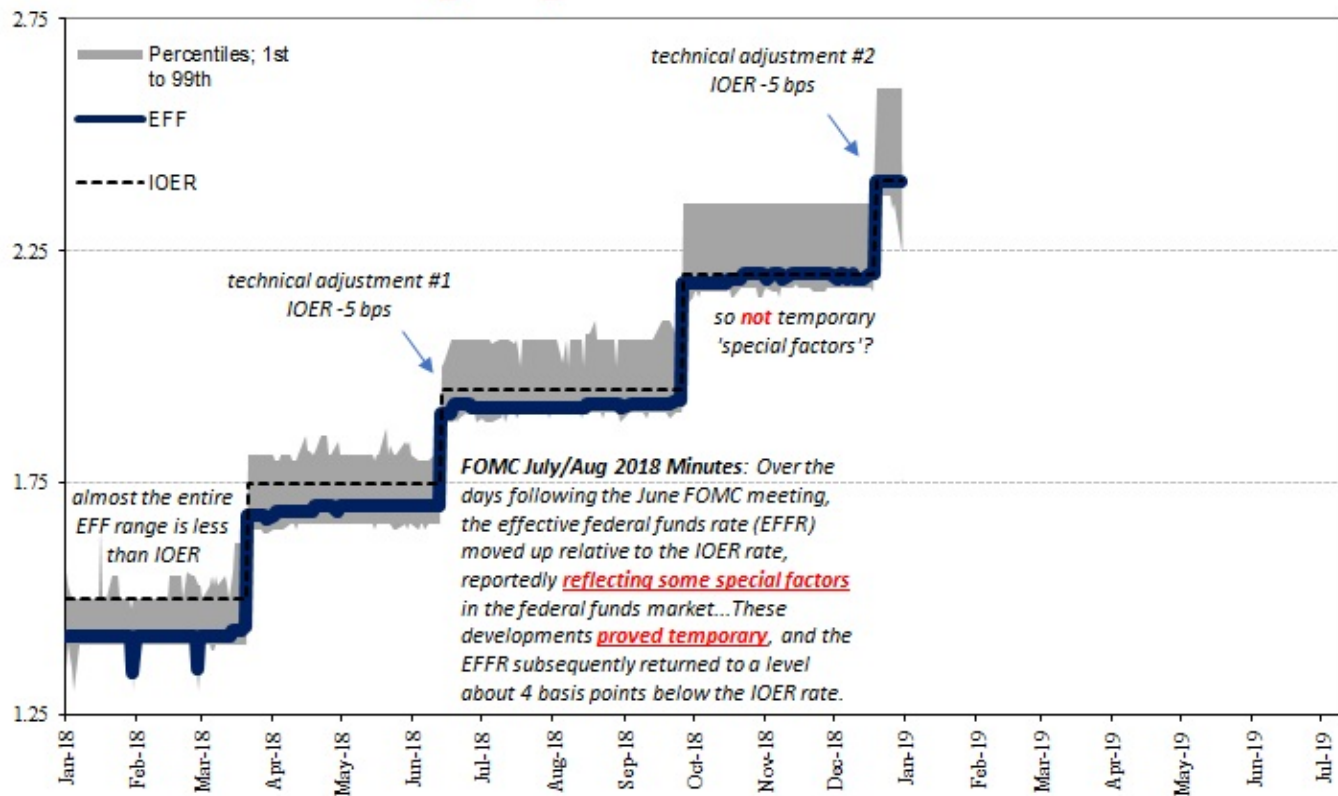


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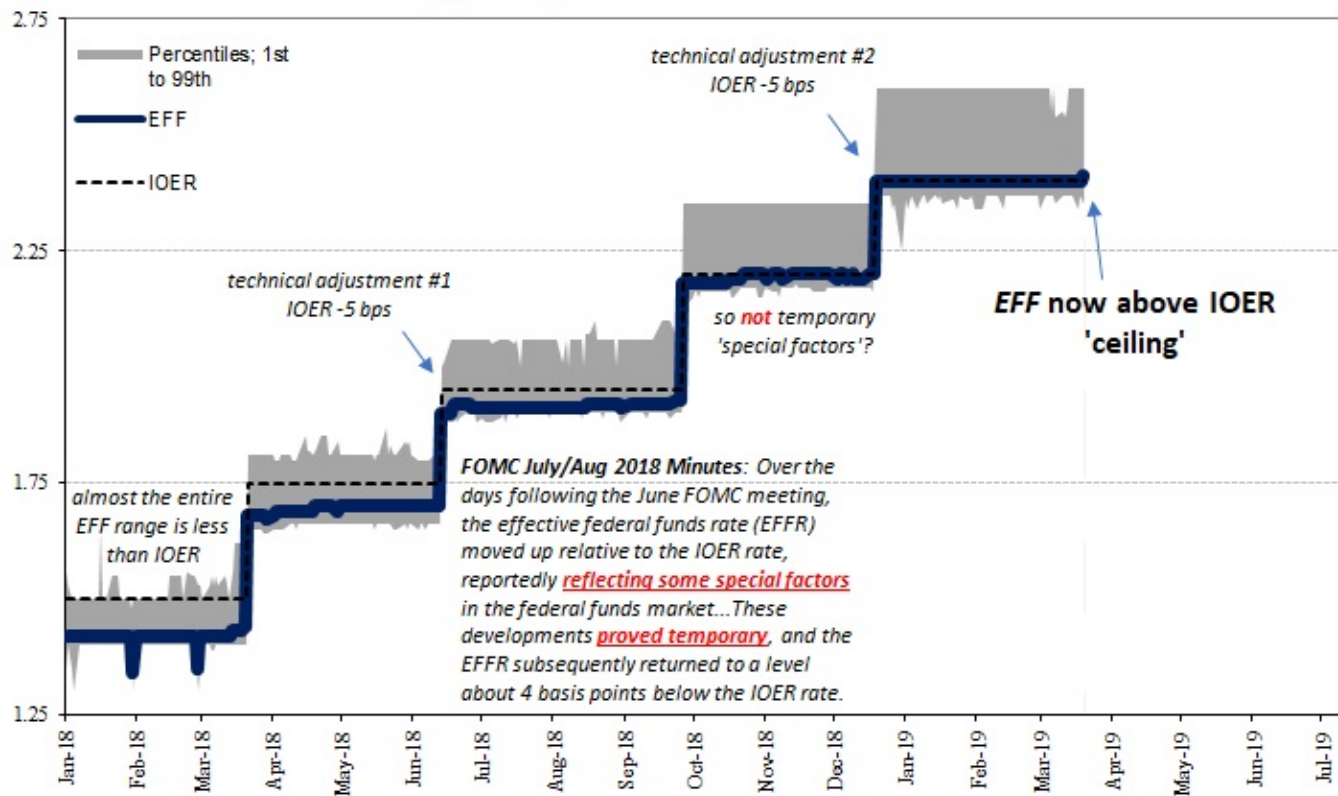


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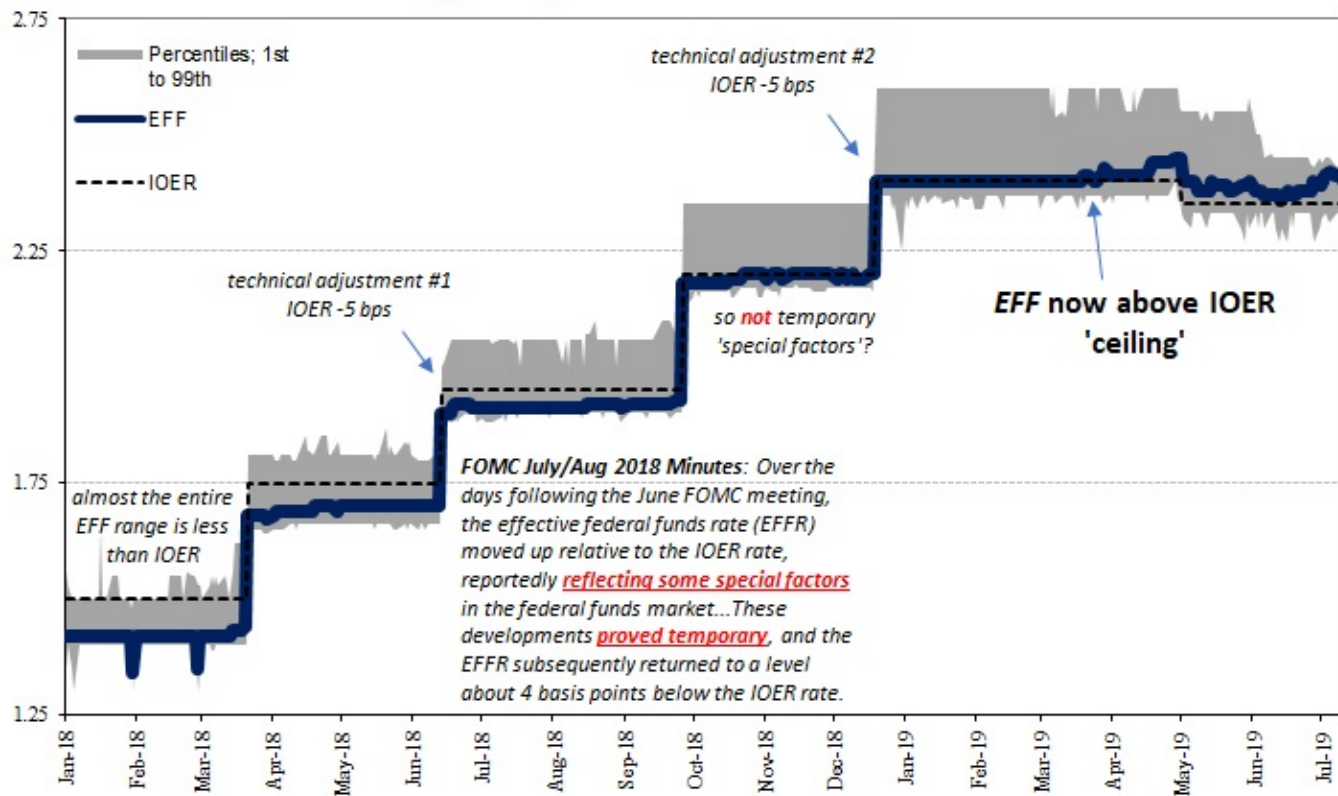


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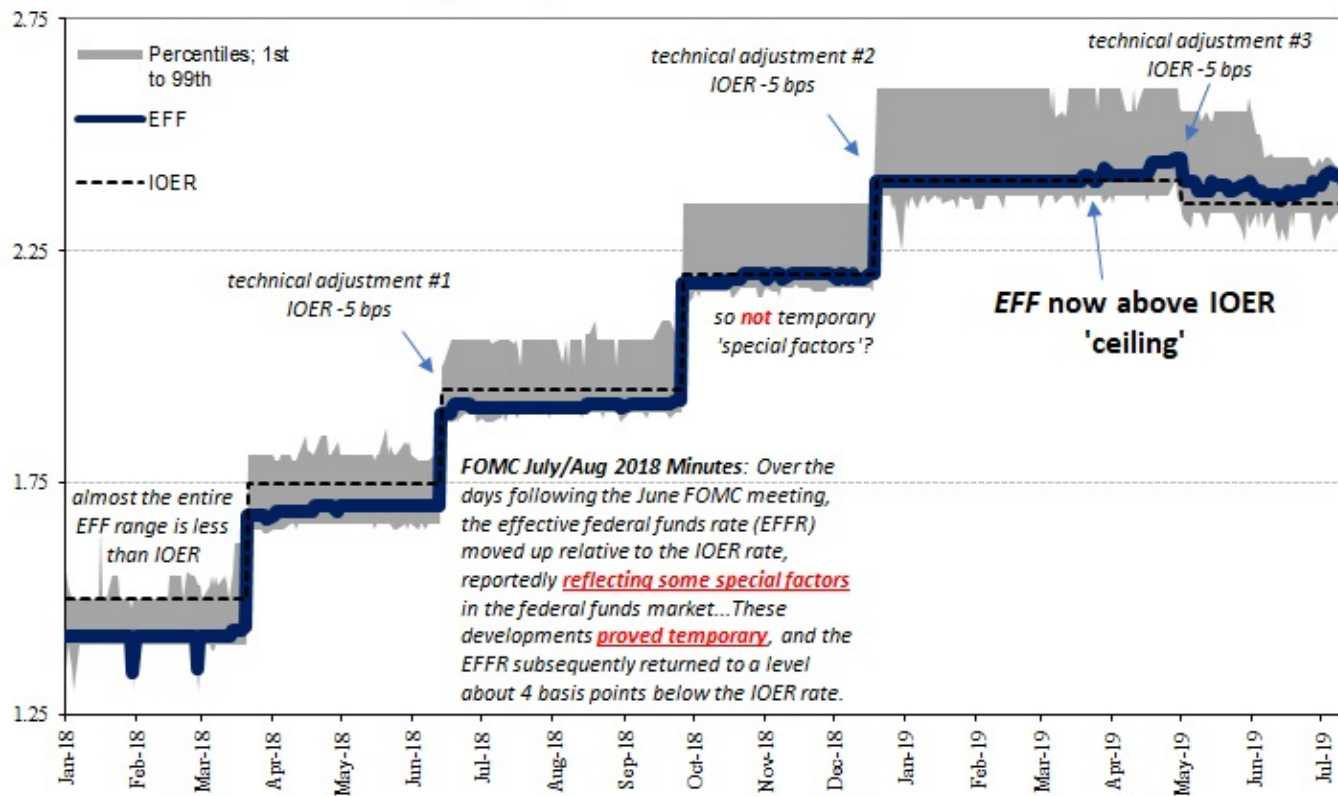


Federal Funds: Trading Range





Federal Funds: Trading Range



Global eurodollar System



Exchange Rate Arrangements in the Eighties

Robert V. Roosa*

Literally dozens of international conferences have been convened already in the decade of the eighties to deplore “the failure of Bretton Woods” and to call for bold new reforms. It seems to me a calumny, though, to attribute failure to either of the Bretton Woods institutions, or to any of the supplemental facilities added to their scope over the past 40 years. The only trace of failure is to be found in that one segment of the international financial system that has been assigned to me for this symposium—exchange rate arrangements. And I am going to suggest that even the system of par value exchange rates envisaged here on Mt. Washington in 1944, and broadly realized across the world by 1958, only broke down in the early seventies because it had already by that time successfully promoted a remarkable diversity of growth in the incomes and trade of the principal participating countries. What is more, an increasing number of participants in the international markets for money and goods, after living with the resulting nonsystem of floating exchange rates for over a decade, are beginning to yearn for the comparative orderliness and stability which their idealized memories associate with “the days of Bretton Woods.”

My own view is that for the rest of the eighties, and no doubt for even longer, the preoccupation of most of the world, so far as exchange rate matters are concerned, will be in finding ways back to the objectives—though

But this combination of improvisations could not cope with, and indeed may have contributed to, the enormous expansion in markets for U.S. dollars offshore, and the **new networks of interbank relations that made possible the creation of additional supplies of dollars outside the United States and beyond the control of the Federal Reserve**. The ‘offshore’ currency markets soon became securities markets and, spurred by the U.S. effort to maintain control over capital exports from the United States, markets in Eurodollar securities flourished.

Robert Roosa

The International Monetary System: Forty Years After Bretton Woods Conference at Bretton Woods sponsored by Federal Reserve Bank of Boston May 1984



Global **eurodollar** System

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And so to answer our original question, changes in administered rates reach markets where the Fed does not intervene through **the web of interconnected relationships between both onshore and offshore participants** and through a host of short-term financial products. These interlinkages and connections are the basis for the efficient pass-through of monetary policy.

Robert Roosa

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FRBNY's Liberty Street Economics

*From Policy Rates to Market Rates—Untangling the U.S. Dollar Funding Market
July 2019*



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