

**Abstract: Real dollar exchange rate under the Bretton-Woods and floating exchange-rate regimes**

The focus of the paper is on real exchange rates for the dollar over the period 1957 to 1985. Most such exchange rates followed an almost steplike pattern, showing relatively little movement in the late 1950s and 1960s, falling abruptly and then remaining low in the 1970s and finally in the 1980s rising back to levels close to those that prevailed initially. Contrary to much recent commentary, therefore, the period that appears different is not the last five years but the decade that preceded them. An important factor underlying this pattern of exchange-rate movement, according to results presented in the paper, was the behavior of monetary policy and, hence, inflation in the United States. What remains to be established is the precise mechanism linking money and real exchange rates and the (relative) strength of those links.