



Journal of Post Keynesian Economics >

Volume 25, 2002 - [Issue 2](#)

97 | 3
Views | CrossRef citations to date | Altmetric

Original Article

Interest parity, risk premia, and Post Keynesian analysis

Marc Lavoie

Pages 237-249 | Published online: 23 Dec 2014

Cite this article

Sample our
Economics, Finance,
Business & Industry Journals
 >> [Sign in here](#) to start your access
to the latest two volumes for 14 days

Citations

Metrics

Reprints & Permissions

Read this article

Share

Abstract

This paper develops the cambist (or Post Keynesian) view of forward exchange rates previously put forward in Lavoie (2000), according to which the forward exchange rate is not a predictor of future spot rates. The paper deals with imperfect asset substitutability, the peculiarities of fixed exchange rates, and the impact of speculation in forward exchange markets. Whereas covered interest parity always holds in the cambist view, with the causality running from differentials in interest rates to differentials between the forward and the spot rates, a graphical analysis is provided to illustrate how the current spot rate may be influenced by the interest rate differential.

Keywords:

[CAMBIST VIEW](#)

[CURRENCY RISK](#)

[FORWARD EXCHANGE MARKETS](#)

[SPECULATION](#)

People also read

Recommended articles

Cited by
3

Information for

Authors

R&D professionals

Editors

Librarians

Societies

Opportunities

Reprints and e-prints

Advertising solutions

Accelerated publication

Corporate access solutions

Open access

Overview

Open journals

Open Select

Dove Medical Press

F1000Research

Help and information

Help and contact

Newsroom

All journals

Books

Keep up to date

Register to receive personalised research and resources
by email

 Sign me up

  

  