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The United States has dominated the world economy for so long that Americans commonly ignore the international environment within which their economy operates. This myopia is hardly surprising, given that, until recently, imports and exports accounted for less than 10 percent of the gross national product, trade was in balance, and international capital financed a very small portion of the net investment in the United States. But in the 1980s economic conditions changed. A mounting trade deficit has led to large inflows of foreign capital, and the international debt crisis has drawn attention to the links between U.S. banks and the economic performance of foreign debtor nations.

The United States in the World Economy offers the results of a conference organized by the National Bureau of Economic Research. The volume includes background papers prepared by nine academic economists, personal statements by individuals prominent in government and business, and summaries of the discussion that followed presentations. Among the topics considered are foreign competition in Latin America and the Asian Pacific rim, Third World debts, innovations in international financial markets, changing patterns of international investment, international capital flows, and international competition in goods, services, and agriculture. Prepared for a sophisticated but nontechnical audience, these papers present complicated economic issues clearly, indicating the many ways in which the American economy influences and is influenced by economic events and conditions around the world.

The experience of the 1980s has demonstrated the power and extent of this economic interdependence dramatically. Clearly, American business executives must become increasingly global in their activities and in their vision of the market environment within which they operate, and American policymakers must recognize that the response of the domestic economy to changes in economic policy is very much influenced by the effect those policies have on trade and capital flows. As Martin Feldstein states in his introduction to the volume, "This conference and the resulting book will have been a success if they increase the awareness of corporate leaders, policymakers, and economic analysts to this changing role of the United States in the world economy."

MARTIN FELDSTEIN is the George F. Baker Professor of Economics at Harvard University and president of the National Bureau of Economic Research. He is the author of more than 200 scientific papers and the author or editor of several books, including *Inflation, Tax Rules, and Capital Formation*, *Taxes and Capital Formation*, and *International Economic Cooperation*, all published by the University of Chicago Press in association with the National Bureau of Economic Research.

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