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International Aspects of Fiscal Policies

Edited by

Jacob A. Frenkel

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International Aspects of Fiscal Policies



A National Bureau
of Economic Research
Conference Report

International Aspects of Fiscal Policies

Edited by **Jacob A. Frenkel**



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Preface

This volume consists of papers and comments presented at a conference on International Aspects of Fiscal Policies held at the Royal Sonesta Hotel in Cambridge, Massachusetts, on December 13–14, 1985. It was sponsored and supported by the National Bureau of Economic Research as part of its research program on international studies.

The “call for papers” for the conference specified the range of topics and scope of coverage as follows:

The conference will be broad enough to accommodate a wide variety of issues relating in one way or another to international macroeconomics. Appropriate for the conference are papers dealing with the following topics: the international effects and transmission of government spending and budget deficits; fiscal policies in intertemporal macroeconomic models; the interaction between fiscal policy, the current and the capital account; fiscal policies and capital formation; the interaction between fiscal and monetary policies in an open economy; fiscal policy, exchange rates and interest rates; the role and effectiveness of fiscal policies under alternative exchange-rate regimes; fiscal policies and international capital movements; the effects of fiscal policies in industrial countries on capital flows to developing countries; fiscal policies and the international debt problem; fiscal policies and international capital markets; the role of fiscal policies in economic stabilization and liberalization programs; the interaction between fiscal policies and commercial policies; fiscal policies, structural adjustment and international competitiveness; labor-market institutions, indexation and fiscal policies; fiscal policies and exchange-rate policies; the international consistency of fiscal policies and the role of coordination. Other possible topics that can be interpreted as related to international macroeconomics will be considered. Prior-

ity will be given to empirically oriented research, but submission of theoretical papers on these topics is also welcome.

Papers will be selected on the basis of abstracts of about 500 words or, when possible, complete papers. Preference will be given to papers by younger members of the profession. Any research that will not have been published at the time of the conference may be submitted.

This call for papers was met with considerable interest. The number of submissions of papers and abstracts has been very large. In making the final selection, I have attempted to provide a representative sample of the range of research topics and of the scope of techniques used in carrying out such research. Each paper was assigned to two formal discussants whose comments are also included in this volume. As usual, the opinions expressed in this volume are those of the individual authors and discussants and do not necessarily reflect the views of the National Bureau of Economic Research.

Jacob A. Frenkel