

CALL FOR PROPOSALS

Fiscal Policy in an Era of Unprecedented Budget Deficits

November 2009

The *Carnegie-Rochester Conference on Public Policy* is now soliciting papers for a conference on “Fiscal Policy in an Era of Unprecedented Budget Deficits.” This Conference will be held in Pittsburgh, at the Tepper School of Business, Carnegie Mellon University, on November 13-14, 2009. The papers and comments are slated for publication in a special issue of the *Journal of Monetary Economics* in July 2010.

In the wake of the collapse of the financial sector, the sharp declines in the nation’s housing and equity markets, and rapidly declining GDP and employment, the Federal government has greatly expanded its role in trying to restore and stimulate the economy. With the passage in February 2009 of the American Recovery and Reinvestment Act, the Federal deficit is forecast to exceed \$1.4 trillion in FY 2009, or almost 10% of GDP. Now that the government has embarked on a path with large deficits in the foreseeable future, what are the implications for macro stabilization policy? Many questions emerged during the recent policy debates, such as the relative sizes of stimulus resulting from tax cuts vs. government spending as well as the timing of any resulting stimulus, and to what extent should the Federal government assist state and local government with their salient fiscal problems. How will huge government deficits in the near future affect solutions for longer-term fiscal issues related to entitlement programs such as Social Security and Medicare? How might fiscal stabilization concerns foster or retard private or social investment in priorities of the new administration such as education, health care, infrastructure, and green technology? To what extent has the interaction between the Federal Reserve and the Treasury changed as a result of the more than doubling of the Federal Reserve’s balance sheet? The November

2009 conference seeks to advance both empirical and theoretical analysis of these and other issues related to fiscal stabilization policy in the context of large budget deficits.

The editors invite detailed abstracts of no more than two pages describing the proposed research paper. (If a preliminary version of the paper is available, authors may include it with their abstract.) Proposals should be submitted electronically to Sue North, Editorial Assistant for the *Journal of Monetary Economics*, no later April 10, 2009 to north@simon.rochester.edu The editors, in collaboration with the Carnegie-Rochester Advisory Board, will make the final selection of papers to be included in the Conference. Authors will be notified by May 8, 2009 if their paper has been selected. Authors will receive an honorarium of \$2500 and be expected to present their paper at the Conference. The papers should represent original research not presented or published elsewhere. Since the papers are intended for publication, authors will not be able to publish or reprint the work elsewhere without the permission of the editors and publisher. Please note that the editors will contact authors only if their paper is accepted.