Since this volume is a record of conference proceedings, it has been exempted from the rules governing critical review of manuscripts by the Board of Directors of the National Bureau (resolution adopted 8 June 1948, as revised 21 November 1949 and 20 April 1968).
Contents

Editorial: Olivier Jean Blanchard and Stanley Fischer  1

Abstracts  11

WORLD REAL INTEREST RATES  15
Robert J. Barro and Xavier Sala-i-Martin
COMMENTS: William Brainard  61
Robert E. Lucas, Jr.  69
DISCUSSION  74

CAN SEVERE FISCAL CONTRACTIONS BE EXPANSIONARY? TALES OF TWO SMALL EUROPEAN COUNTRIES  75
Francesco Giavazzi and Marco Pagano
COMMENTS: Olivier Jean Blanchard  111
Allan Drazen  117
DISCUSSION  122

GROSS JOB CREATION AND DESTRUCTION: MICROECONOMIC EVIDENCE AND MACROECONOMIC IMPLICATIONS  123
Steven J. Davis and John Haltiwanger
COMMENTS: Katharine G. Abraham  169
Robert M. Townsend  177
DISCUSSION  185

WAGE AND EMPLOYMENT PATTERNS IN LONG-TERM CONTRACTS WHEN LABOR IS QUASI-FIXED  187
Mark Bils
vi · CONTENTS

COMMENTS: Gary D. Hansen  227
Andrew Oswald  232
DISCUSSION  235

KINKED ADJUSTMENT COSTS AND AGGREGATE DYNAMICS  237
Giuseppe Bertola and Ricardo J. Caballero
COMMENTS: Andrew Caplin  288
Robert E. Hall  292
DISCUSSION  295

MACROECONOMIC ISSUES OF SOVIET REFORMS  297
Gur Ofer
COMMENTS: Abram Bergson  334
Martin L. Weitzman  339
DISCUSSION  342