Contents

Acknowledgments ix

1 Introduction 1

Introduction: The Macroeconomics of Fiscal Policy 3
Richard W. Kopcke
Geoffrey M. B. Tootell
Robert K. Triest

2 Can Fiscal Policy Improve Macro Stabilization? 23

The Case Against the Case Against Discretionary Fiscal Policy 25
Alan S. Blinder

Comments on Blinder's "The Case Against the Case Against Discretionary Fiscal Policy" 63
Olivier J. Blanchard

Comments on Blinder's "The Case Against the Case Against Discretionary Fiscal Policy" 69
Christopher A. Sims

3 American Fiscal Policy in the Post-War Era: An Interpretive History 75

American Fiscal Policy in the Post-War Era: An Interpretive History 77
Alan J. Auerbach

Comments on Auerbach's "American Fiscal Policy in the Post-War Era: An Interpretive History" 101
James S. Duesenberry
Comments on Auerbach's "American Fiscal Policy in the Post-War Era: An Interpretive History"
Douglas W. Elmendorf

4 Fiscal Policy in the Reagan Administration's First Term
Fiscal Policy from Kennedy to Reagan to G.W. Bush
C. Eugene Steuerle
W. Elliot Brownlee
Reflections on Congressional Fiscal Policy in the 1980s
Van Doom Ooms
Fiscal Policy During President Reagan's First Term
Rudolph G. Penner

5 Government Finance in the Short and Long Run
Deficits and Debt in the Short and Long Run
Benjamin M. Friedman
Comments on Friedman's "Deficits and Debt in the Short and Long Run"
Susanto Basu
Comments on Friedman's "Deficits and Debt in the Short and Long Run"
Barry P. Bosworth

6 Is the United States Prone to "Overconsumption"?
Is the United States Prone to "Overconsumption"?
Jean-Philippe Cotis
Jonathan Coppel
Luiz de Mello
Comments on Cotis et al.'s "Is the United States Prone to 'Overconsumption' ?"
Willem H. Buiter
7 The Twin Deficits - U.S. and International Perspectives 297

Budget and External Deficits: Not Twins but the Same Family 299
Edwin M. Truman

Twin Deficits and Twin Decades 321
Jeffrey A. Frankel

The Current Account and the Budget Deficit: 337
A Disaggregated Perspective
Catherine L. Mann

What Can We Do About the "Twin" Deficits? 349
Alice M. Rivlin

Contributing Authors 355
Author Index 367
Subject Index 373