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052144196X - Rules, Reputation and Macroeconomic Policy Coordination

David Currie and Paul Levine

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In this book David Currie and Paul Levine address a broad range of issues concerning the design and conduct of macroeconomic policy in open economies. Adopting neo-Keynesian models for which monetary and fiscal policy have short-term real effects, they analyse active stabilisation policies in both a single- and multicountry context. Questions addressed include: the merits of simple policy rules, policy design in the face of uncertainty, and international policy coordination. A central feature of the book is the treatment of credibility and the effect of a policy-maker's reputation for sticking to announced policies. These considerations are integrated with coordination issues to produce a unique synthesis. The volume develops optimal control methods and dynamic game theory to handle relationships between governments and a conscious rational private sector, and produces a unified, coherent approach to the subject.

This book will be of interest to students and teachers of open economy macroeconomics, and to professional economists interested in using macroeconomic models to design policy.

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Published by the Press Syndicate of the University of Cambridge
 The Pitt Building, Trumpington Street, Cambridge CB2 1RP
 40 West 20th Street, New York, NY 10011-4211, USA
 10 Stamford Road, Oakleigh, Melbourne 3166, Australia

© Cambridge University Press 1993

First published 1993

A catalogue record for this book is available from the British Library

Library of Congress cataloguing in publication data

Currie, David A.

Rules, reputation and macroeconomic coordination / David Currie, Paul Levine.
 p. cm.

ISBN 0 521 44196 X

1. Economic policy. 2. Economic policy—International
 cooperation. 3. Macroeconomics. I. Levine, Paul, 1944– II. Title.

HD87.C87 1993

339.5—dc20 92-30613 CIP

ISBN 0 521 44196 X hardback

Transferred to digital printing 2004

To James, Tim, Ben and Sam

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Acknowledgements

We are deeply indebted to Patrick McCartan of Cambridge University Press for his encouragement and support throughout the preparation of this volume.

Both authors are fortunate to have been able to collaborate with a number of talented colleagues. Five appear as co-authors in this volume: Nicos Christodoulakis, Jessica Gaines, Nic Vidalis, Ullrich Hoffmeyer and Simon Wren-Lewis. Thanks are also due to Durmus Özdemir for carefully reading and correcting the entire text.

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