

## Preface

This book brings together a collection of essays on economic policy problems of the world economy. The occasion for developing the material into its present form was provided by an invitation to deliver the Gaston Eyskens Lectures at the Katholieke Univebsiteit Leuven, Belgium, in the fall of 1984.

The subject of the lectures, "Dollars, Debts, and Deficits," covers my policy research of the past few years: exchange rate questions, issues of LDC debt and adjustment, and the problems raised by budget deficits and European stagnation. Even though the three topic areas cover widely different policy problems, it makes sense to bring them together. This is the case because international economic interdependence links exchange rates, budgets, adjustment opportunities, and debt service across countries. But there is also a common political economy perspective with which I have approached these issues which gives the collection a coherent perspective. The message is that modern macroeconomics is useful, more than ever, as a framework for active policy.

In developing my ideas on these policy problems, I have benefited greatly from discussions with Stanley Fischer. He has been generous with friendship and advice. As a member of the CEPS Macro Group I had the advantage of working with a very stimulating team and I wish to acknowledge especially my collaboration with Olivier Blanchard and Richard Layard. On Latin American issues Eliana Cardoso and Mario Simonsen have freely given their advice. It is a pleasure to acknowledge these debts and hope for more. I would also like to thank Carol McIntire for her editorial assistance.

I wish to express my gratitude to the faculty and administration of the Katholieke Universiteit Leuven for their challenging invitation. Their generous hospitality is only rivaled by the enjoyment they take in offering a tough debate.