Contents

List of Contributors vii
Preface viii
Acknowledgements xi

Part I Comparative Analysis of Recent Trends

1 Sectoral Saving and Investment Patterns in 16 OECD Countries, 1965–82 3
Hans Tson Söderström

2 Rising Public-sector Indebtedness: Some More Unpleasant Arithmetic 40
J.A. Bispham

3 The Link between Budget Deficits and Inflation: Some Contrasts between Developed and Developing Countries 72
Tim G. Congdon

Part II Case Studies

The USA

4 Appraising the American Fiscal Stance 95
Edmund S. Phelps

5 Government Deficits: The Case of the United States 105
Rudolph G. Penner

Italy

6 Fiscal Policy and Saving in Italy since 1860 126
Franco Modigliani and Tullio Jappelli

7 Four Arguments for Fiscal Recovery in Italy 171
Rainer S. Masera

The UK: Keynes and Keynesian and later Views of Deficit Finance

8 Keynes on British Budgetary Policy, 1914–46 208
N.H. Dimsdale

9 Deficit Financing: Keynes, the Keynesians and the New Approach, with Special Reference to the UK 234
M.J. Artis

Part III Empirical and Theoretical Issues

Debt and Savings

10 Deficits, Public Debt, Interest Rates and Private Saving: Perspectives and Reflections on Recent Analyses and on US Experience 255
Michael J. Boskin

11 Debt Neutrality and Fiscal Illusion: Theoretical Underpinnings and Empirical Studies. A Comment 287
Michele Bagella

Deficits and the Supply Side

12 Public Debt, Private Savings and Supply-side Policies 298
Luigi Paganetto

13 Some Implications of Deficit-financed Tax Cuts: These Will Always Increase Demand, but Will They Reduce Supply? 318
Walter Eltis

Debt in Steady and Stochastic States

14 The Neoclassical Theory of Public Debt and the Theory of a Long-run Full-employment Deficit 347
Stefano Gorini

15 Debt and Taxes in War and Peace: The Case of a Small Open Economy 373
John S. Flemming

Part IV Overview

16 A Survey of the Debate 395
Michael V. Posner

Index 415