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April 15, 1986

DM/86/22

Subject: Macroeconomic Policy Design in an Interdependent
World Economy: An Analysis of Three Contingencies

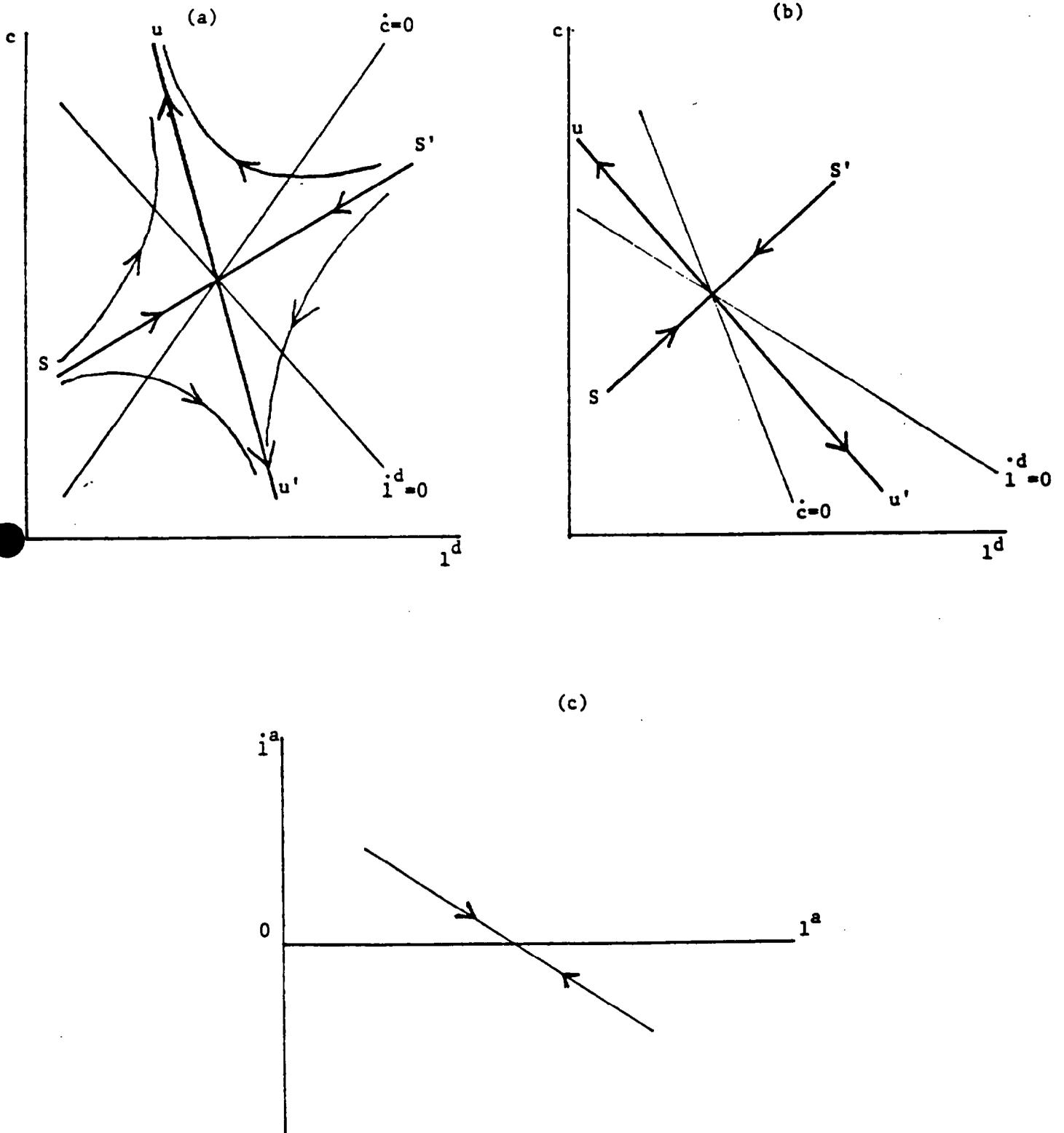
CORRIGENDUM

The attached charts referred to in DM/86/22 (3/21/86) were inadvertently omitted from the document.

Att: (8)



Figure 1



Equilibrium and dynamic adjustment in the symmetric two-country model.

Figure 2a

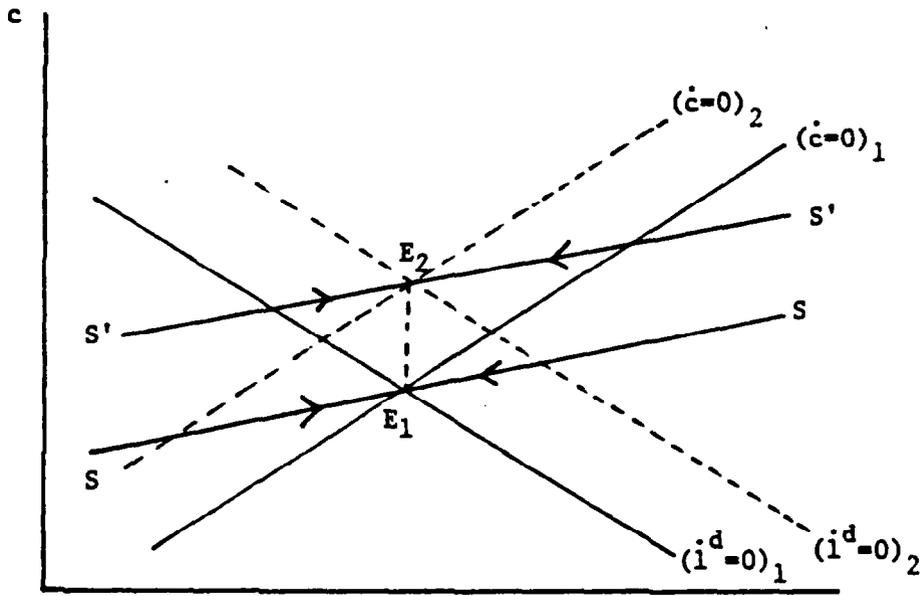


Figure 2b

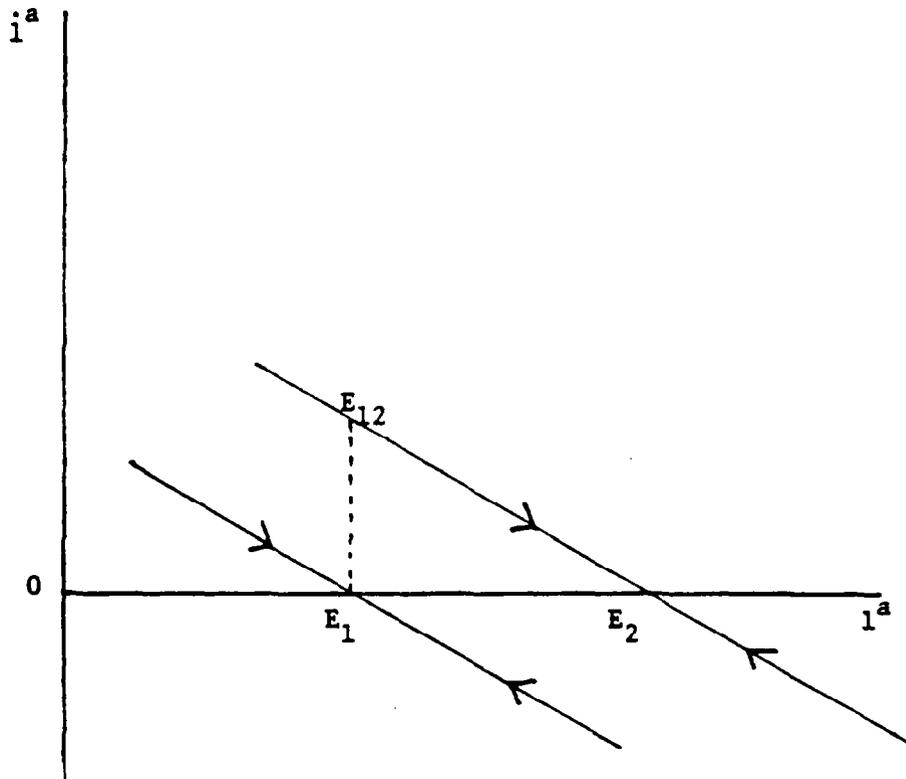




Figure 3
Global and Regional Response to a Unilateral
Tightening of U.S. fiscal Policy

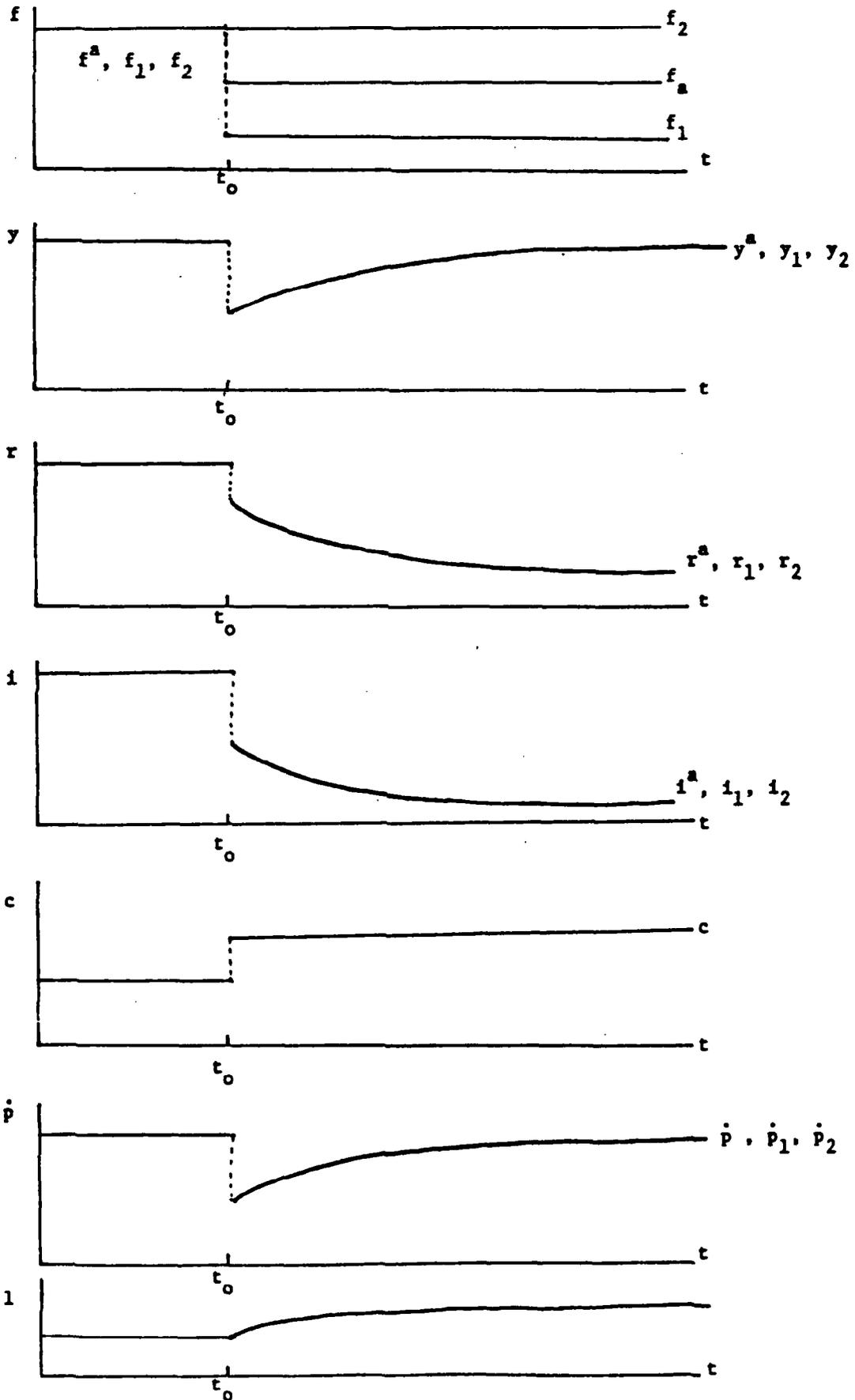
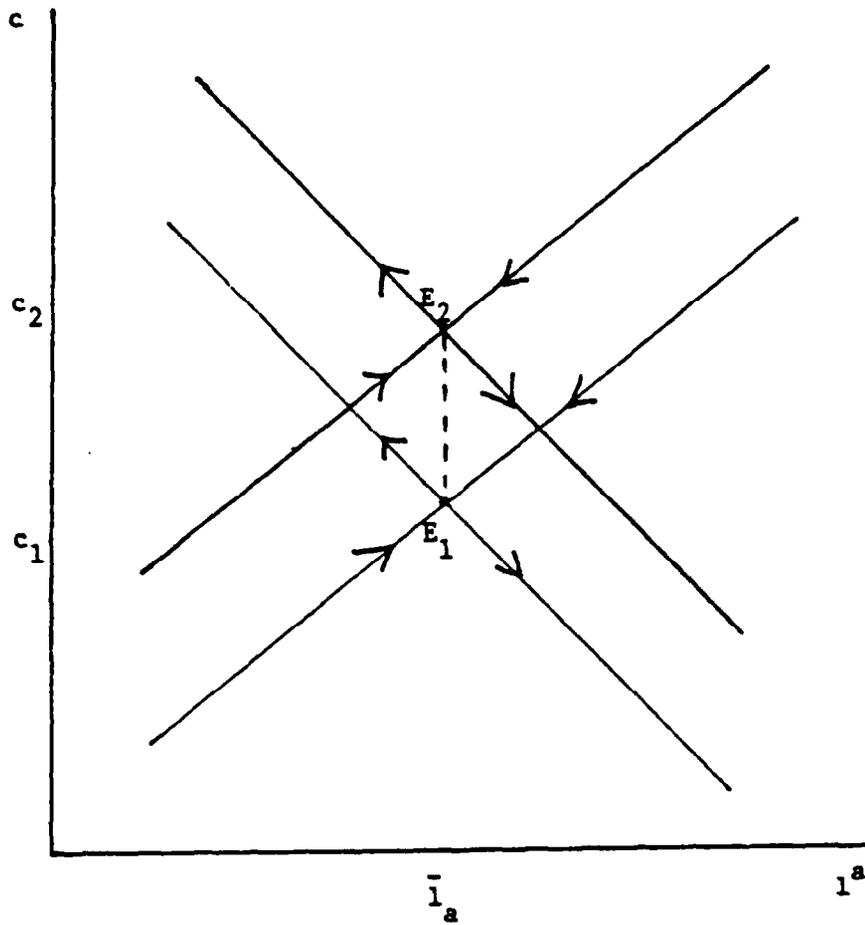




Figure 4



Response to a U.S. fiscal contraction and a matching ROW fiscal expansion.



Figure 5
The End of an Exchange Rate Bubble

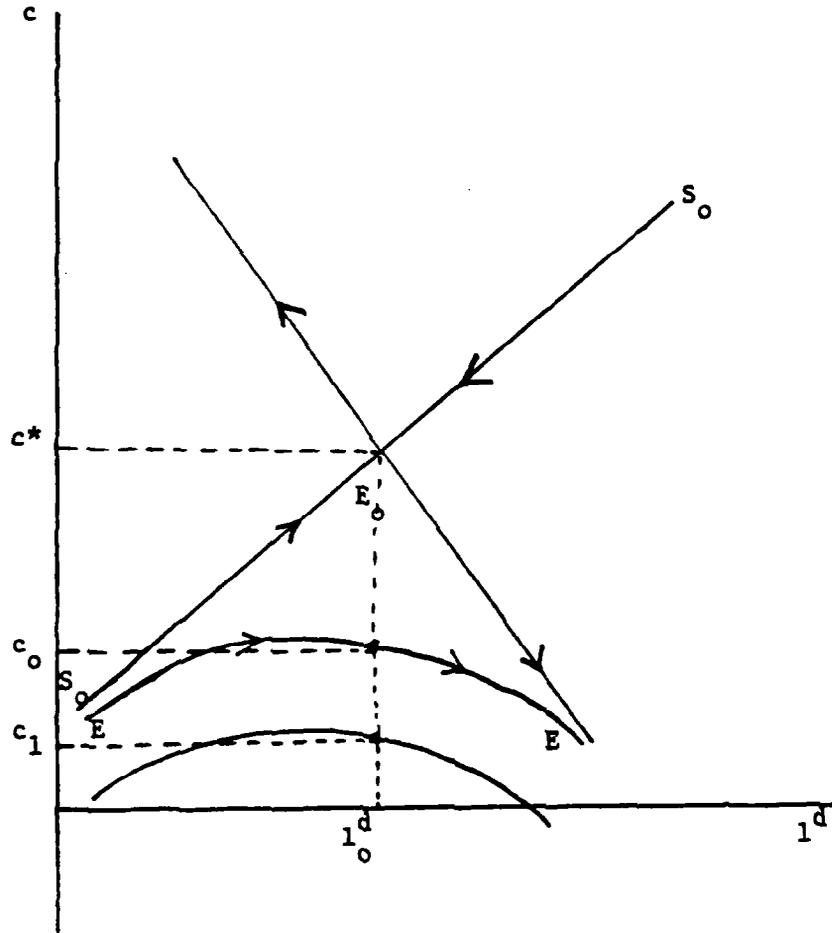
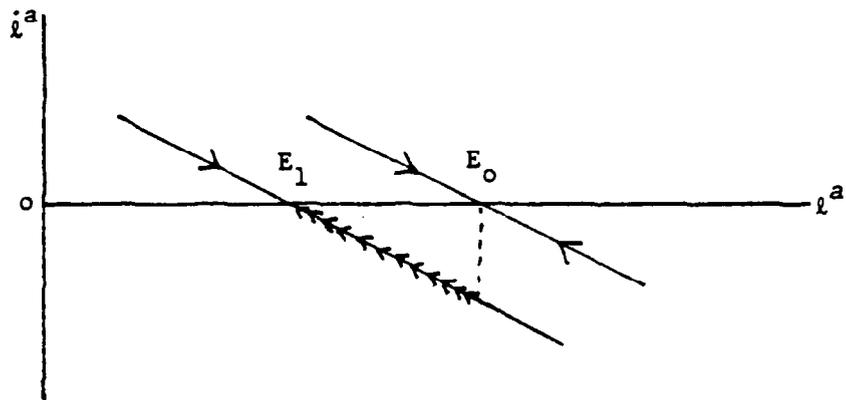
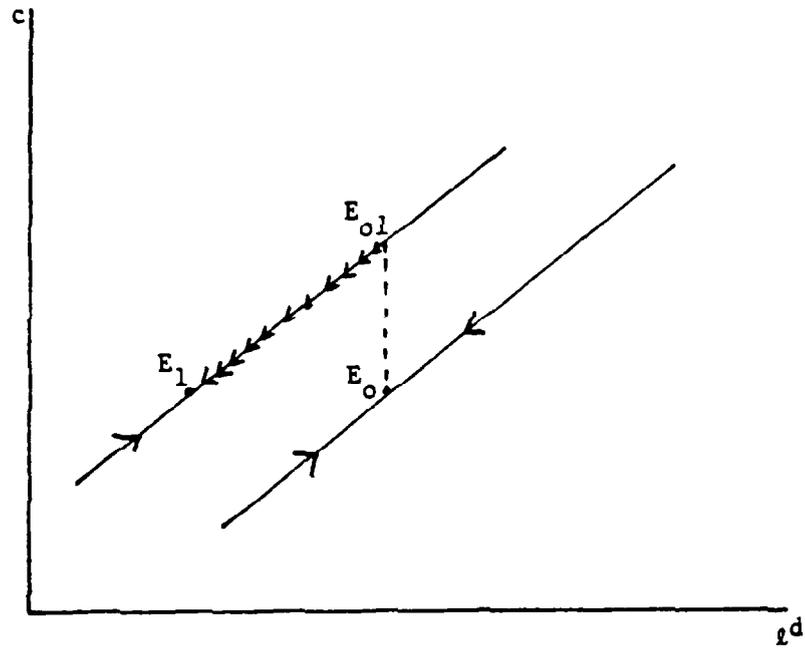




Figure 6

Dollar Depreciation as a Result of a Fall in U.S. Liquidity Preference





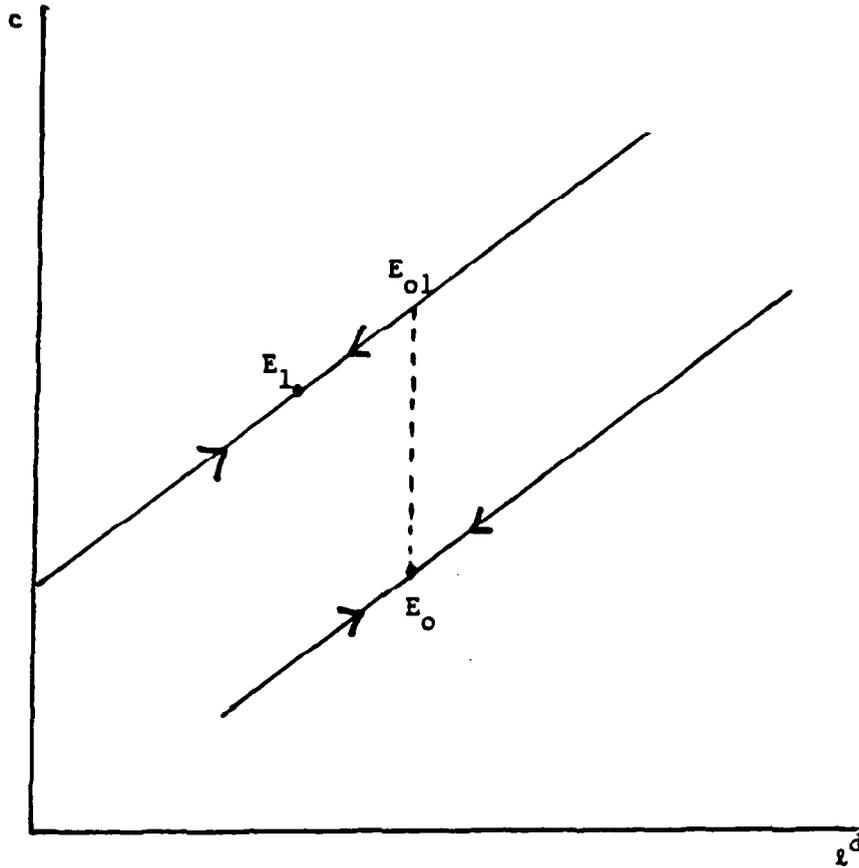


Figure 7

An Increase in the Relative Perceived Riskiness of Foreign Investment in the U.S.



Figure 8
Effects of a Common Permanent Decline in Productive Capacity
in Both Countries

