

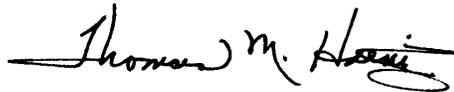
Foreword

Few economic issues have such far-reaching implications as excessive government budget deficits and debt. It is almost universally agreed that fiscal imbalances retard economic growth, impose heavy burdens on future generations, and heighten the risk of financial market disruption. It is also agreed, however, that correcting such imbalances is a difficult task. Around the world, countries are attempting to address the problem of excessive deficits and debt. This issue is at the core of many political and economic debates.

To gain a better understanding of the problem and to consider potential solutions, the Federal Reserve Bank of Kansas City sponsored a symposium on “Budget Deficits and Debt: Issues and Options” at Jackson Hole, Wyoming, on August 31-September 2, 1995. A distinguished group of central bankers, finance ministers, academics, and financial market representatives shared their views and research results on this vital topic.

We gratefully acknowledge the excellent contributions of all who participated in the symposium. The papers, commentary, and audience discussions were of a uniformly superior quality. Special thanks also go to members of the Bank’s Research Division who helped plan and implement the program.

We hope these proceedings will contribute to better public understanding of the issues and options related to budget deficits and debt.



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