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Discussion Papers

No. 177.

Openness, integration and transition: prospects and policies for economies in transition

by Ray Barrell, Dawn Holland and Nigel Pain

This paper surveys different strategies in the transition process, and investigates their role in growth prospects. Openness, exchange rate regimes and approaches to trade and capital market liberalisation are also examined and their role in facilitating the diffusion of new products and processes to transition economies is discussed. Policies toward openness and integration have an effect on the ability of economies to attract capital inflows and foreign direct investment. Through these portals they affect trade and growth. Experience in the European transition economies, including East Germany, is examined, together with the Russian Federation and China, and comparisons are drawn. The role of domestic institutions and the phasing of liberalisation are examined, and they are seen to have a key role in the growth process.

No. 178.

Balance of payments prospects in EMU

by Christopher Taylor and Dirk Willem te Velde

The architects of monetary union believed that balance of payments constraints would no longer operate in EMU, but this view underestimates the fact that cross-border financing will still be subject to country credit risk – the risk of widespread debt default by residents of a troubled member state, including the possibility of secession if serious economic tensions develop. With these concerns in mind the prospects for current account balances of individual EU states are examined through forecasts and simulations using the NiGEM model. In addition special equations are estimated to allocate countries' global current balances between EMU and non-EMU areas, since intra-EMU imbalances are likely to have different financing implications from those with the world outside. The results suggest that whereas most EU states are likely to be in broad external balance or better through the next few years, several seem set to incur substantial current deficits.

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Books

Occasional Paper 54.

Social Disparities and the Teaching of Literacy
by S.J. Prais

The need to raise literacy standards in England, and to eliminate illiteracy, has been evident for many decades but success has been only tenuous. This book reports on comparative visits to literacy lessons in Swiss and English schools to see, first, what can be learnt as to the reality of pupils' higher literacy attainments there and, secondly, to elucidate differences in Swiss schooling methods relevant to future reforms in our schooling here. Issues discussed include: teaching styles; the greater emphasis of their literacy curriculum on transactional writings rather than a classical canon; complexity of English spelling and the possibility of a graduated programme of reforms; changes needed in our methods for the teaching of reading in primary schools; changes in nursery and early-years schooling to provide better support for slow-maturing children; and flexibility in the twelve months' age-grouping of each class.

ISBN 0 9526213 8 X. Price £12.50, available from the National Institute.

Monetary Regimes of the Twentieth Century
by Andrew Britton

Abstract economic theory may be timeless and potentially universal in its application, but macroeconomics has to be seen in its historical context. The nature of the policy regime, the behaviour of the economy and the beliefs of professional economists all interact, and influence each other. This short historical account of monetary regimes since 1900 shows how the role of policy has changed, and how this has related to experience of inflation and the real economy, as well as to changes in political philosophies. The narrative concentrates on developments in America, Britain, Germany, France and Japan, beginning with the era of the classical gold standard and ending with the neo-liberal regimes of today. The grand narrative of the century is a journey 'to Utopia and back'. It is argued that no school of macroeconomics is right for all time; different theoretical models may be appropriate for different periods and regimes.

ISBN 0 521 80169 9. Price £45, available from Cambridge University Press in May 2001.



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The *Review* is the quarterly publication of the National Institute of Economic and Social Research – one of Britain's oldest and most prestigious independent research organisations. The Institute's objective is to promote, through quantitative research, a deeper understanding of the interaction of economic and social forces that affect people's lives so that they may be improved. It has no political affiliation, and receives no core funding from government. Its research programme is organised under the headings of Economics, Modelling and Analysis; Productivity; Education and Training and the International Economy.

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