

1. Record Nr.	UNINA9910788403403321
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Titolo	Fiscal Policy and Interest Rates : : How Sustainable Is The "New Economy"? / / Manmohan Kumar, David Hauner
Pubbl/distr/stampa	Washington, D.C. : , : International Monetary Fund, , 2006
ISBN	1-4623-3265-X 1-4527-1180-1 1-283-51491-5 1-4519-0906-3 9786613827364
Descrizione fisica	1 online resource (34 p.)
Collana	IMF Working Papers
Altri autori (Persone)	HaunerDavid
Soggetti	Interest rates Fiscal policy Banks and Banking Inflation Public Finance Interest Rates: Determination, Term Structure, and Effects Price Level Deflation Debt Debt Management Sovereign Debt Fiscal Policy Finance Macroeconomics Public finance & taxation Long term interest rates Real interest rates Government debt management Prices Debts, Public United States
Lingua di pubblicazione	Inglese
Formato	Materiale a stampa

Livello bibliografico	Monografia
Note generali	"May 2006."
Nota di bibliografia	Includes bibliographical references.
Nota di contenuto	""Contents""; ""I. INTRODUCTION""; ""II. LOW GLOBAL INTEREST RATES: POSSIBLE EXPLANATIONS""; ""III. A MODEL OF INTEREST RATE DETERMINATION""; ""IV. EMPIRICAL EVIDENCE""; ""A. Data and Methodology""; ""B. Empirical Results""; ""C. A New Economy of Interest Rates?""; ""V. CONCLUSIONS AND POLICY IMPLICATIONS""; ""REFERENCES""
Sommario/riassunto	This paper explores the determinants of long-term government bond yields in the Group of Seven (G-7) economies and analyzes the factors that could explain the conundrum of very low rates in the face of a variety of adverse factors in recent years. In particular, the paper focuses on the deteriorating fiscal position in the G-7 economies and enquires which factors could have offset their impact on long-term interest rates, and how sustainable they are likely to be. A model of interest rate determination is elaborated and estimated for the G-7, with explicit emphasis on capital flows and public savings. The results suggest a high likelihood of a substantial impact of the weaker budgetary positions in the G-7 on global interest rates when the offsetting unprecedented capital flows slow down.