## **Table of Contents**

Introduction Rüdiger Pethig and Michael Rauscher	1
Part I: The German Economy	
Germany's Economic Ills  Martin Feldstein	7
Economic Transformation in East Germany: Has Economic Theo Been Helpful? Herbert Hax	ory 17
Economic Policy in Germany and the Role of the Economic Adviser  Joachim Scheide	33
It's Always Nice to Meet an Old Friend: Reflections on the NAIR and New Estimates  Wolfgang Franz	RU 45
Germany Needs a National Stability Pact Rolf Peffekoven	55
Part II: European Economic Issues	
Social Model: Lessons for Developing Countries  Assar Lindbeck	67
The Design of EU Trade Policies: Rationale, Results and Requirements for Reforming Regionalism  *Rolf J. Langhammer*	81
European Fiscal Policies Under the Stability Pact: Some First Insights  Harmen Lehment	97
Prospective Trade Effects of Eastern EU Enlargement Henning Klodt	109

Saving and Investment in Transition Economies: Russia and the Central and Eastern European Countries  Dieter Duwendag	121
Part III: Global Markets and Global Economic- Policy Issues	
Global Markets and National Sovereignty  Hans-Jürgen Vosgerau	139
Spatial Impacts of the New Economy: Death of Distance and Decline of Cities?  Rüdiger Soltwedel and Claus-Friedrich Laaser	151
Comparative Regulatory Structures and Competitive Performance of Financial Systems  Ingo Walter	165
Financial Cycles, Real Cycles and Monetary Policy  Helmut Hesse and Hans-Helmut Kotz	183
On the Structure of Industries: Findings from the Automotive Branch  Ferdinand Dudenhöffer	201
About the Benefits of Fluctuations  Hans J. Ramser	215
Part IV: International Trade: Theory and Policy	
Linkage of Trade and "Non-trade" Issues: Competition Policy and Labor Standards  Jagdish Bhagwati	233
Escape and Entry Mechanisms in the Multilateral Trade System Wilfred J. Ethier	245
Changing Horses and Hedging Günter Franke	261
On a Misconception Concerning the Classical Gains from Trade Murray C. Kemp	277

Table of Contents	VII
The Japanese Slump  Deepak Lal	281
Part V: Environment and Natural Resources	
Corrective Environmental Taxation and Distortionary Taxation Revisited  Rüdiger Pethig	293
Marketable Emission Permits and the Pattern of Foreign Trade: A Heckscher-Ohlin Approach  Horst Herberg	309
Strategic Environmental Standards and Plant Location Klaus Conrad	325
Resource Extraction and Hartwick's Rule Under Terms of Trade Uncertainty Ngo Van Long and Huilan Tian	341
Tall Smokestacks and Transfrontier Pollution: A Tale from Orestia and Trebeisia  Michael Rauscher	353
Will Global Warming be Controlled? Reflections on the Irresolution of Humankind David Pearce	367
Bibliography of Horst Siebert	383