

INTERNATIONAL CAPITAL MOBILITY  
AND EXTERNAL ACCOUNT DETERMINATION



# International Capital Mobility and External Account Determination

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# Preface and Acknowledgements

This book evolved from my experience as an economist in the Balance of Payments Section of the Australian Treasury in the mid-1980s. During those years, the current account balances and international investment positions of many OECD nations changed dramatically and, in some cases, became the main focus of macroeconomic policy. At the time it seemed strange to me that in an increasingly integrated global economy, characterised by greater mobility of capital across national boundaries, external imbalances should be considered problematic, in and of themselves. My view, consistent with the orthodox Humean perspective, was that external imbalances were essentially self-correcting and should not be macroeconomic policy targets. For reasons still somewhat unclear, such ideas suddenly became heretical. It is hoped that in part this book may contribute to establishing as orthodox about external imbalances what in many quarters, academic and official, is still deemed heterodox.

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A.J. MAKIN