Discussion of "Sovereign Debt Risk Premia and Fiscal Policy in Sweden"

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2. Simulate the model to replicate the Swedish 1991-97 experience.

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  Also: built-in automatic stabilizers (though the model is not of the Keynesian variety where "demand" helps).

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3. Necessary expenditures: government spending and transfers are assumed exogenous. Does not make sense—look at Latvia!

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3. Laffer-curve computations useful. Need to distinguish "not being able to pay back" from "not wanting to". Key in practice!