

The Dependence of Optimal Macroeconomic Policies on “Ideal” Values of Target Variables: A Case Study for Austria

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Abstract

Optimal budgetary policies for the period 1995 to 2000 are calculated for Austria within the framework of a problem of quantitative economic policy. An intertemporal objective function is minimized subject to the constraints of a macroeconometric model. Exogenous variables of the model are forecast by time series methods. Using the optimum control algorithm OPTCON, approximately optimal policies are determined. The sensitivity of optimal policies with respect to the target values of the objective variables is investigated.

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