

S T A F F
P A P E R S

Auctions

ROBERT A. FELDMAN and RAJNISH MEHRA • 485

Testing the Neoclassical Theory of Economic Growth

MALCOLM KNIGHT, NORMAN LOAYZA, and DELANO VILLANUEVA • 512

Capital and Trade as Engines of Growth in France

DAVID T. COE and REZA MOGHADAM • 542

**French-German Interest Rate Differentials
and Time-Varying Realignment Risk**

FRANCESCO CARAMAZZA • 567

Stabilization Programs and External Enforcement

JULIO A. SANTAELLA • 584

**Risk Taking and Optimal Taxation in the Presence
of Nontradable Human Capital**

ZULIU HU • 622

Cash-Flow Tax

PARTHASARATHI SHOME and CHRISTIAN SCHUTTE • 638

Portfolio Performance of the SDR and Reserve Currencies

MICHAEL G. PAPAIOANNOU and TUGRUL TEMEL • 663

Interenterprise Arrears in Transforming Economies

ERIC V. CLIFTON and MOHSIN S. KHAN • 680

Shorter Paper: VITO TANZI • 697

STAFF PAPERS

MARGARET R. KELLY

Chair, Editorial Committee

IAN S. McDONALD

Editor and Deputy Chair

ROZLYN COLEMAN

Assistant Editor

Editorial Committee

Mario I. Blejer

Guillermo A. Calvo

José Fajgenbaum

Ved P. Gandhi

David J. Goldsbrough

Peter Isard

Mohsin S. Khan

G. Russell Kincaid

Malcolm D. Knight

Paul R. Masson

Susan M. Schadler

Subhash M. Thakur

Among the responsibilities of the International Monetary Fund, as set forth in its Articles of Agreement, is the obligation to "act as a centre for the collection and exchange of information on monetary and financial problems." *Staff Papers* makes available to a wider audience papers prepared by the members of the Fund staff. The views presented in the papers are those of the authors and are not to be interpreted as necessarily indicating the position of the Executive Board or of the Fund.

To facilitate electronic storage and retrieval of bibliographic data, *Staff Papers* has adopted the subject classification scheme developed by the *Journal of Economic Literature*.

Subscription: US\$50.00 a volume or the approximate equivalent in the currencies of most countries. Four numbers constitute a volume. Single copies may be purchased at \$16.00. Individual academic rate to full-time professors and students of universities and colleges: \$25.00 a volume. Subscriptions and orders should be sent to:

International Monetary Fund
Publication Services
700 19th Street, N.W.
Washington, D.C. 20431, U.S.A.

Telephone: (202) 623-7430

Telefax: (202) 623-7201

INTERNATIONAL MONETARY FUND

S T A F F
P A P E R S

Vol. 40 No. 3

SEPTEMBER 1993

EDITOR'S NOTE

The Editor invites from contributors outside the Fund brief comments (not more than 1,000 words) on published articles in *Staff Papers*. These comments should be addressed to the Editor, who will forward them to the author of the original article for reply. Both the comments and the reply will be considered for publication.

The term "country," as used in this publication, may not refer to a territorial entity that is a state as understood by international law and practice; the term may also cover some territorial entities that are not states but for which statistical data are maintained and provided internationally on a separate and independent basis.

© 1993 by the International Monetary Fund
International Standard Serial Number: ISSN 0020-8027

The U.S. Library of Congress has cataloged this serial publication as follows:

International Monetary Fund

Staff papers — International Monetary Fund. v. 1— Feb. 1950—
[Washington] International Monetary Fund.

v. tables, diagrs. 23 cm.

Three no. a year. 1950-1977; four no. a year. 1978—

Indexes:

Vols. 1-27. 1950-80, 1 v.

ISSN 0020-8027 = Staff papers — International Monetary Fund.

1. Foreign exchange—Periodicals.
2. Commerce—Periodicals.
3. Currency question—Periodicals.

HG3810.15

332.082

53-35483

CONTENTS

Vol. 40 No. 3

SEPTEMBER 1993

Auctions: Theory and Applications

ROBERT A. FELDMAN and RAJNISH MEHRA • 485

Testing the Neoclassical Theory of Economic Growth: A Panel Data Approach

MALCOLM KNIGHT, NORMAN LOAYZA, and DELANO VILLANUEVA • 512

Capital and Trade as Engines of Growth in France: An Application of Johansen's Cointegration Methodology

DAVID T. COE and REZA MOGHADAM • 542

French-German Interest Rate Differentials and Time-Varying Realignment Risk

FRANCESCO CARAMAZZA • 567

Stabilization Programs and External Enforcement: Experience from the 1920s

JULIO A. SANTAELLA • 584

Risk Taking and Optimal Taxation in the Presence of Nontradable Human Capital

ZULIU HU • 622

Cash-Flow Tax

PARTHASARATHI SHOME and CHRISTIAN SCHUTTE • 638

Portfolio Performance of the SDR and Reserve Currencies: Tests Using the ARCH Methodology

MICHAEL G. PAPAIOANNOU and TUGRUL TEMEL • 663

Interenterprise Arrears in Transforming Economies: The Case of Romania

ERIC V. CLIFTON and MOHSIN S. KHAN • 680

Shorter Paper

The Budget Deficit in Transition: A Cautionary Note

VITO TANZI • 697

CONTENTS

IMF Working Papers • 708

IMF Papers on Policy Analysis and Assessment • 709