
Preface

The Plaza Accord of 1985 was a major milestone in the history of economic cooperation among the industrial nations. It was a rare occasion when the financial and growth spillover effects of surplus economies' lower demand were addressed. Protectionist pressures in the US Congress were the main driver of the Plaza's monetary initiatives so it relates directly to the interaction between trade policy and currency issues that is playing out again in today's very different global circumstances. The current weaknesses of the international financial architecture with respect to persistent surplus economies and their currencies underline the relevance of reconsidering this successful episode from the past.

This volume brings together some of the leading international economists in the United States, Japan, and Europe to offer their respective perspectives on the array of questions posed by the Plaza Accord and its successor, the Louvre Accord of 1987. Notably, it includes analytical perspectives of economists who were involved in the Accord's design, negotiation, and implementation. The volume derives from a project launched in early 2015 by the Baker Institute for Public Policy at Rice University to commemorate the 30th anniversary of the Plaza. That institute is named for James A. Baker, III, the former Secretary of the Treasury and Secretary of State, who was the chief architect and negotiator of the Plaza Accord and its implementation.

The Baker Institute hosted a conference in Houston in October 2015, at which the papers included in this book were initially presented, and we are delighted that our Peterson Institute for International Economics was asked to coedit and publish the resulting volume—especially given our own fellows' contributions. We are honored that Secretary Baker delivered the keynote address to the conference, which is included as chapter 1 of the book, and that

former Federal Reserve Chairman Paul Volcker and other key participants in the Plaza process contributed their own views both to the conference and on these pages.

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The Institute hopes that its research and other activities will contribute to building a stronger foundation for international economic policy around the world. We invite readers of these publications to let us know how they think we can best accomplish this objective.

ADAM S. POSEN
President
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