

average interval between action and effects. The entire lag distribution is compressed into one number.

Economists are not agreed on the best way to estimate the outside lags of monetary and fiscal policy. Much progress has been made in recent years, but much is yet to be learned. A real concern of many, especially in the case of monetary policy, is that in spite of the sophisticated techniques used, we have still been unable to isolate the effects of policy changes from all of the other things which influence the pace of economic activity. This separation is essential if the lags are to be measured correctly.

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