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Perfectly discriminatory policy towards international capital movements in a dynamic world.
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A large country is able to affect its trading partners' accumulation of capital, and so it can alter international market conditions. Capital movements can be regulated by perfectly discriminatory policy to maximize the welfare of the large country by exploiting this link. This policy implies that resource allocation is efficient along the optimal path. In contrast to the use of perfectly discriminatory policy in a static world, it is not always optimal for the large country to fully exploit its market power.

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