

**Equations can be handwritten or typed using Word**, please put your answers immediately after each question (single spaced) in a blue font clearly different from the dark red use below. This HW is due Blackboard on paper by Friday September 14<sup>th</sup> or you can bring it to my office upstairs 5<sup>th</sup> floor (Dealy E527) I will be in Dealy E530 or you can leave in the red envelope on my door. Be sure to let me know it is there, wave to me in class person or send me an email.

**HW#2 Q2.1** Assuming we define Latin American economies as those for which Spanish, French or Portuguese are the official language (taught in schools) which had the highest income in 2017 and which had the highest income in 1960? See the [Figures PR-5 and PR-6](#).

**HW#2 Q2.2** (a) Draw parallels between PR's debt crisis and New York City's near default in 1975? Why were both crises important to us (the U.S.) right now? Why were both countries run by non-elected boards for a time? (b) Did NYC file for bankruptcy? How were both NY and PR tested by long power outages? (c) Which did relatively better in terms of social conflict and human cost? (*EC the official death toll in Puerto Rico started at 68, [where is it now](#)*)? (d) *What is the largest [municipal bankruptcy in U.S. history](#)? How happened to the population of this city?*

**HW#2 Q2.3 2.3A** How much did FEMA spend cleaning up Hurricane Maria (so far)? Despite [FEMA "overwhelmed"](#) in 2017? Did Puerto Rico receive a net transfer from the U.S. last year (recall Klein (2018) says PR pays \$3.5 billion in taxes to the U.S. each year)? 2.3B) Like most states and territories in the United States, Puerto Rico does not have its own currency, so it cannot devalue. Compared to Greece (or El Salvador or Ecuador and for that matter Houston or Texas) what advantage(s) does Puerto Rico have?

**HW#2 Q2.4** Klein (2008) sketches out three possible scenarios for Puerto Rico, one led by [Puerto Rico Governor Ricardo Rosselló](#) another by the Puertopians (see Bowles, 2018) and the third led by the groups Naomi Klein works with (PAREs, Casa Pueblo and JunteGente). Briefly outline the vision of each group? Does [Governor Rosselló](#) support statehood for Puerto Rico?

**HW#2 Q2.5** Argentina, Puerto Rico and Venezuela are coping with debt crises (and adversity related to geography and natural disasters). (a) Is original sin as defined by Ricardo Hausmann a factor in each of these cases? (b) Use the RER formula  $q = e^*p^*/p$  to discuss internal and external devaluation how each region can adjust to this debt crisis? What advantages and disadvantages does each country have in dealing with their current debt crisis. (c) *Argentina use internal devaluation heading into its 2001 crisis and external devaluation during the current crisis. Use WEO data and recent developments in Argentina to discuss the drawback of both sorts of devaluation.*

### Readings References

Bowles, Neillie (2018) Making a Crypto Utopia in Puerto Ric, New York Times, Feb. 2<sup>nd</sup> 2018 <https://nyti.ms/2FCcjvz>

Fernández Campbell Alexia (2018) [Puerto Rico is asking for statehood](#). Congress should listen Hurricane Maria proves that Puerto Rico's status as a territory is a human rights issue. Aug 31, 2018, 3:20pm EDT

Klein, Naomi (2018) *The Battle for Paradise. Puerto Rico Takes on the Disaster Capitalists*, Haymarket Books-The Intercept\* [ISBN 1608463572](#) (see course BB site).

[Exiled in Florida: the Puerto Ricans struggling to build a new life off island](#)

\*Based on a GWU study Puerto Rico Governor Ricardo Rosselló raised the island's official death toll from Hurricane Maria from 64 to 2,975 on Aug. 28, in response to a government-commissioned study that found deaths from the storm were heavily undercounted. 'I made mistakes': [Puerto Rico governor hikes Hurricane Maria death toll](#) to 2,975