

ECON 5450 Course Calendar Spring 2021

Last update 5/5/2021 7:28:23 PM

Office hours: see my web page for the most up to day office hours Wednesday 9:30-10:30pm (in E-530 Dealy) or Monday 4-5pm or by appointment in E527 Dealy Hall. Please confirm appointments via mcleod@fordham.edu put ECON 5450 the subject line of your email; or send a text to 914-661-6998. We use Bb to submit assignments online. Most course readings are online **see the new readings below.** . If you find a url that does not work, please send me an email at mcleod@fordham.edu so I can fix it. See the course [syllabus for readings](#) and the course requirements.

Final Exam: May 12th 7:30pm

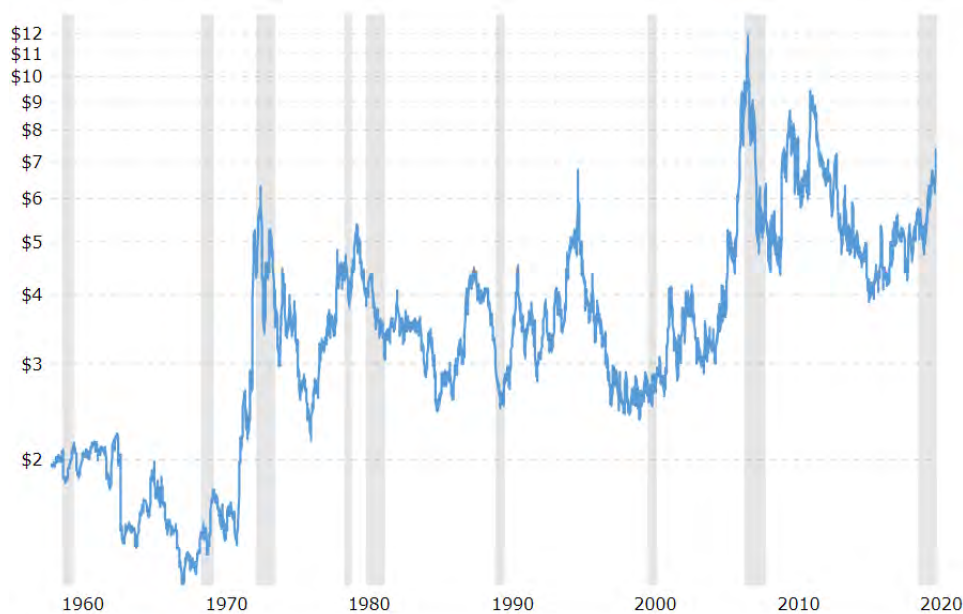
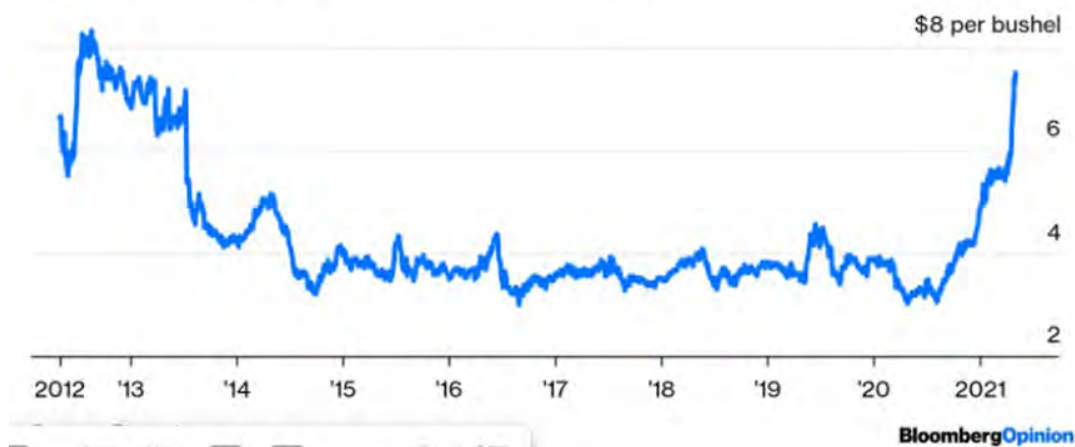
MAY 2021						
SUN	MON	TUE	WED	THU	FRI	SAT
					30	1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

Please use this [Zoom](https://fordham.zoom.us/my/darrylmcleod) link for classes & office hours: <https://fordham.zoom.us/my/darrylmcleod>

Summers and ?estimate losses to COVID 900B per month.

Farmer's Delight

Corn has surged to its highest price in nine years



MENA Countries

Duran, Denizhan, and Rekha Menon.(2020) "[Mitigating the Impact of COVID-19 and Strengthening Health Systems](#) in the [Middle East and North Africa.](#)" (2020).

Brookings 2021 [One year of COVID-19 in the Middle East and North Africa: The fate of the ‘best performers](#)

Voxeu CEPR [Shaping Africa’s post-Covid recovery: A new eBook](#) [MENA Coping with dual Shock](#)

[Chad’s President Killed in Sahel war](#) Preparing a Case Study Presentation? [Please review this Pptx Presentation Checklist:](#) [Ebola in the DRC](#) [Tunisian Dinar last 10 years](#)

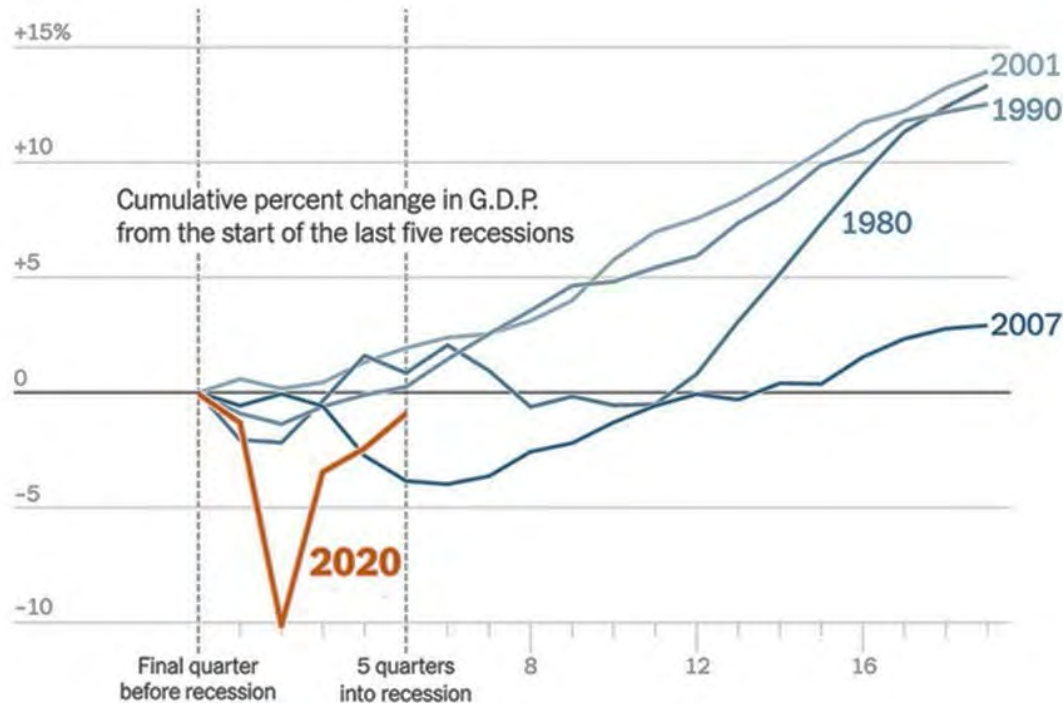
Final Exam Options: COVI Country case Study / Focus Refugee Crisis

[Tunisia 2021 Article IV](#)

[New IMF Pandemic Window](#)

[Vaccine and Trade](#)

Latin America and the Caribbean	0.2	-7.0	4.6	3.1
South America ¹	-0.1	-6.6	4.4	2.8
CAPDR	3.2	-7.2	5.6	4.1
Caribbean				
Tourism dependent ²	0.2	-10.1	1.4	5.1
Commodity exporters ³	0.2	4.7	6.0	19.2



[Strong 1st quarter GDP Growth](#)

Acronyms used in this calendar: PPPE Paywall problems? Please Email me so I can fix this. PWUP: problems with a URL, please email me so I can fix it promptly (This is one reason [Fordham’s ADA guidelines](#) ban URLs as references, please use hyperlinks as I am doing here...). Bill Gates argues vaccine distribution (globally) cannot be addressed by

sharing vaccine formulas (he seems to [be arguing each factory's vaccine](#) needs to be tested using random trials..) while the [IMF is proposing a new Pandemic Window with \\$30B](#) to finance vaccines for developing countries.

G.D.P. is nearly back to pre-pandemic levels.

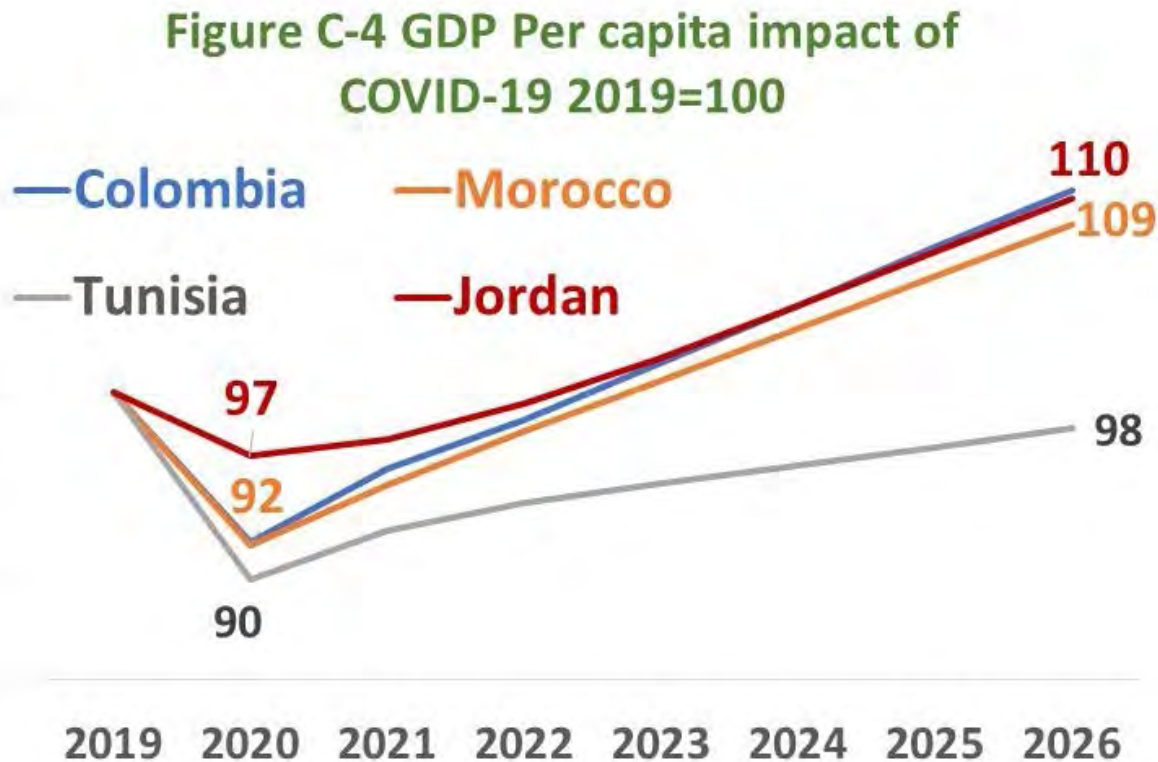


Here is the paper [Inequalities in the Times of Pandemic](#) discussed in the [panel with Stefanie Stantcheva](#), she seems to focus on education among OECD countries, is there any relationship between education performance and per capita income? Is this a case of you another missing safety net most Scandanavian countries (but the Americas, U.S Canada & LatAm does not? It seems to me some of her slides in the presentation are not in this paper (growth patterns for example). Does Professor Stantcheva suggest reasons some countries are doing better than others. Ebola hit the DRC and West Africa hard (Liberia and the DRC). Did Ebola and Malaria prepare countries for dealing with the coronavirus? Early on there were hints that that was the case, we need to check this... Is your country in the group Stantcheva focuses on? Do Jordan, Colombia and Morocco (Tunisia) have their own problems? If you are not happy with your case study country, India and Brazil are disasters in need of explanation, what can be done to prepare these countries for he next virus? Brazil seemed to have such generous transfer, why are people starving? The scenes in Brazil remind me of the 3% a cable TV show about the rich and everyone else? Does survival depend on your income in India and Brazil? If so, what can be done now (or next time). A number of EM countries and [now India](#) have experienced set backs with respect to the coronavirus infections?

How is Colombia doing? We have a student from last years 5450 class in Argentina, He will speak with us next week about the situation in Buenos Aires... I also have a wonderful Peruvian PhD student but I am afraid to ask (I can email him, not call him....) Cuzco where his family is from was devastated (I think). Perhaps let's draw some preliminary and highly speculative conclusions (aka forecasts) on how each region/county is likely to do overall. Africa is especially important in part because so many children are the, especially Nigeria and the DRC and of course the MENA countries. As India and Germany illustrates anything can happen (and many things can go wrong) lets guess which counties in each region will do best (and worst). Of course, the U.S. is the worst, I mean our EM and developing countries. Does democracy make a difference? Sen always argued

Democracies don't have famines (people won't stand for it). Perhaps pandemics are the opposite, authoritarian regimes do best (e.g. China and Vietnam). How are the Asian democracies doing; India, Indonesia (vs. Malaysia)? Are the countries with the most Freedom doing the worst? Check Mo Ibrahim's governance measures. There are a whole bunch of democracy/freedom indicators, is it too early to plot them against cases or deaths? What about human rights, especially women's rights? Check the UNDP gender inequality index (and the HDI of course). Focus on the countries you are most interested in of course. This is more interesting than I thought... Let me know if you hit a paywall, I may be able to help. Please sketch out the narrow and broad implications of your case study, if possible before class tonight.

Here is a spreadsheet with the [WEO data for our case study countries](#).



I put the April 2021 WEO data for our case study countries into [this spreadsheet](#), I began to look at GDP per capita (Figure C-4) and Unemployment (see the WEO spreadsheet).

April 28th Discuss Baby Sitting cooperative, ticket for one night out, if you took care of someone else's children you got a ticket... solution?... to stimulate social life they printed a lot tickets.... precautionary demand for tickets... when member have more tickets, keep in one ticket... and use one ticket...)

April 21st Class Readings: [What Three Economists Taught Us About Currency Regimes](#) (project Syndicate)

Perhaps the largest social injustice in this pandemic is the unequal distribution of vaccines. We had this problem before (with ART treatments for HIV/Aids). To its credit the [U.S. created PEPFAR](#) and invested in \$85B in controlling HIV/Aids abroad. In fact [Michael Kremer, one of](#) three Development Economists to share the 2019 Nobel Prize* is urging us to do the same for COVID vaccines (*Banerjee and Duflo were the other two). In this [F&D podcast Kremer](#) makes the case for investing in COVID vaccines production capacity even before a vaccine they approved (Is this happening? Perhaps [U.S. Defense Production Act](#) Presidents can invoke war time powers to command factories). Thanks to the IMF for posting both this podcast and [this transcript](#). The COVID crisis amazing numbers Kremer reports is that, for example, advancing the availability of a vaccine by just 10 hours justifies a \$1.2B public investment (is this his build the factories now argument?).

Final Exam Review corner: some of us may not have time to do a presentation, so we will have a final exam as a backup. We will have a separate review sheet, but you should be familiar with swap lines, the Dutch Disease (DD) how foreign aid can cause the DD, how Chile's fiscal rule deals with this problem, why a flexible nominal exchange rate is particularly important for primary commodity exporters (which includes many developing economies and Russia, Brazil and Colombia among others). Among our countries, Colombia is a primary commodity exporter (see S&L chapter 21, Morocco and Jordan rely more on tourism, severely affected by COVID-19...). For the export profiles see

Colombia is among the [first LatAm country to receive vaccines from COVAX](#), that said they have a serious pandemic (as do most nations in the Americas). [AFD Report on Morocco](#)

[Colombia Article IV March 23rd 2021](#) [Morocco Article IV Consultation](#) [Jordan Article IV](#)

[Tunisia ECON 6470 2014 Case study*](#) [Compute Middle-class in Mena Countries](#) [Midterm Review Slides](#)

[WEO Outlook April 2021](#) [Gita Gopinath Managing Divergent Recoveries](#) *[Kaiti Jajtner's home page](#)

IMF Live Panel [Western Hemisphere Outlook](#) April 15th 1pm [Morocco Exports \(20% tourism\)](#)

[World Food Program wins 2020 Nobel Peace Prize](#) [Vox one WFP](#) [Check the CEQ map for your Country](#)

Countdown to [the Spring Meetings](#) [Russia Case Study](#) IMF Title IV reports or Regional IDB-ADF Reports
[AP Mexico's vaccine campaign faces problems, successes](#)

[Yellen backs fresh financial support for low-income countries](#)

[FT Massive Fiscal Stimulus helps Brazil limit losses](#) (but trouble ahead?) *Worth more than 8 per cent of gross domestic product, the fiscal stimulus package that has propped up Brazil's economy has now left investors in Latin America's largest economy on edge as concerns mount over the sustainability of the country's debts.*(Harris, 3-4-2021)

[WB video: Toward a Green Resilient & Inclusive recovery](#)

[Amazon COVID strain sparks fear](#) *More transmissible variant linked to surge of cases in rainforest city Manaus* [Western Hemisphere Outlook](#)

Social Justice Issues: Vaccine Equity?* *Debt Forgiveness Additional Aid for Vulnerable Economies?*

[Kremer and Vaccine funds the PEPFAR HIVAIDS: direct health interventions](#)

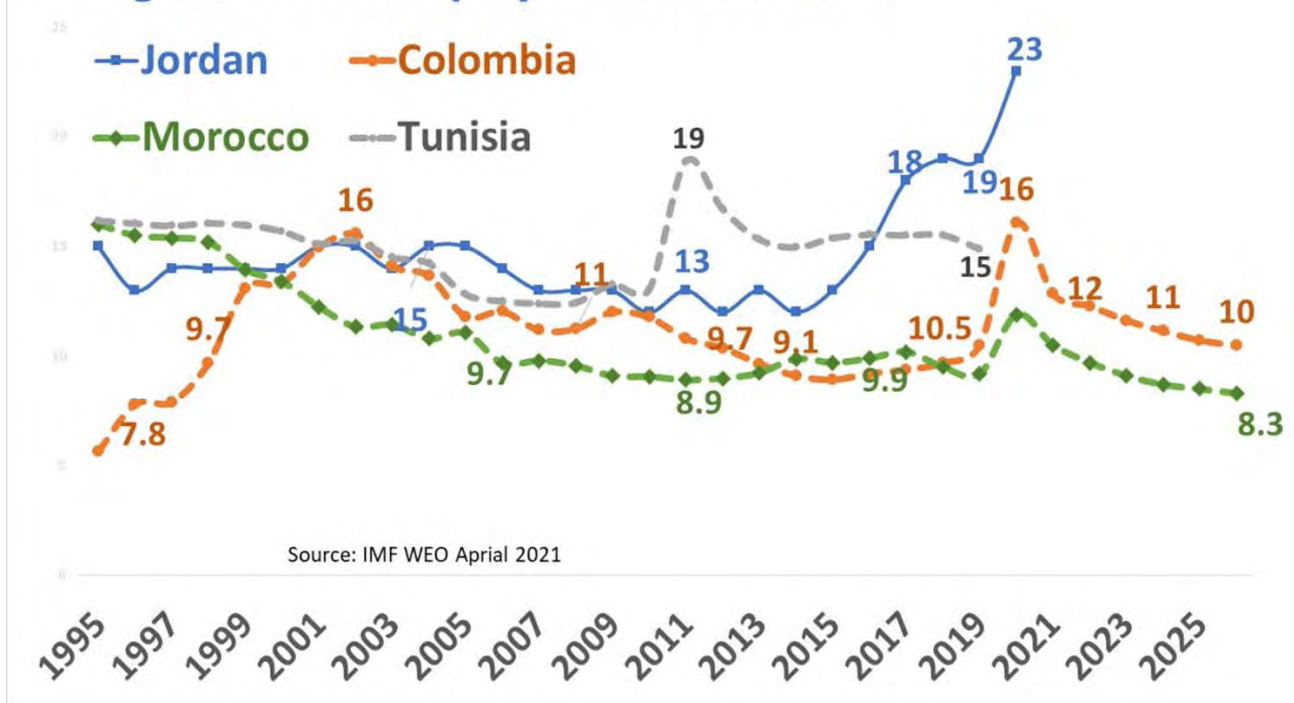
[CAF FLAR Pablo Sanguinetti](#)

Midterm: Why is a flexible fx rate & large middle class best dealing with climate shocks? ([Russia](#) &)

Case Studies: Valentina Colombia Michael Morocco Carly Jordan

[Steg-Cepr Virtual Course On "Key Concepts In Macro Development](#)

Figure U-7 Unemployment 1995-2026



Case Study Resources: Check Export Complexity

Check out your Regional BWIs [ADB African Development Bank](#)

Andean Pact or CAF in LatAm (COL appears at 28 mins)

Check the middle class share of your country (any of 3 definitions fine;)

Aid Flows: [DAC- ODA](#) and [US AID](#) CID: [Export Basket](#) [Jordan](#) [Morocco](#)

1918 Flu Epidemic **

Top Ten Recipients of Gross ODA (USD million)

1	India	4,042
2	Afghanistan	2,876
3	Bangladesh	2,582
4	Syrian Arab Republic	2,429
5	Indonesia	2,231
6	Jordan	2,210
7	Ethiopia	2,144
8	Iraq	1,931
9	Kenya	1,670
10	Nigeria	1,550



IMF Seminar: Debate on the Global Economy

5,296 views • Streamed live on Apr 8, 2021

54 9 SHARE SAVE

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IMF Spring Meetings 2021

PRESS BRIEFING

REGIONAL ECONOMIC OUTLOOK

WESTERN HEMISPHERE

APRIL 15, 2021 | 1:00PM ET

Moderator



MARIA CANDIA ROMANO
Communications Officer, IMF

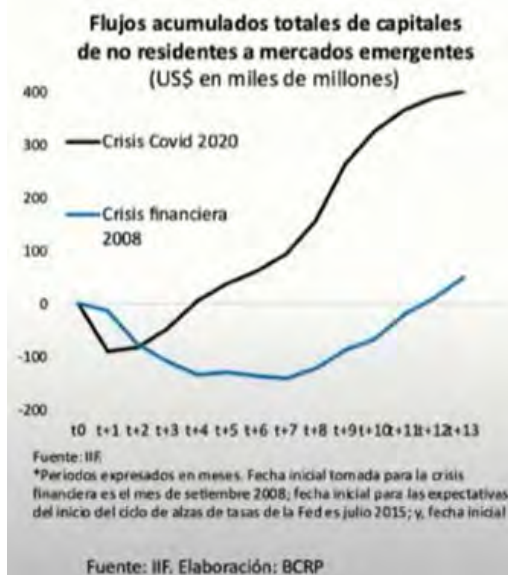
Speaker



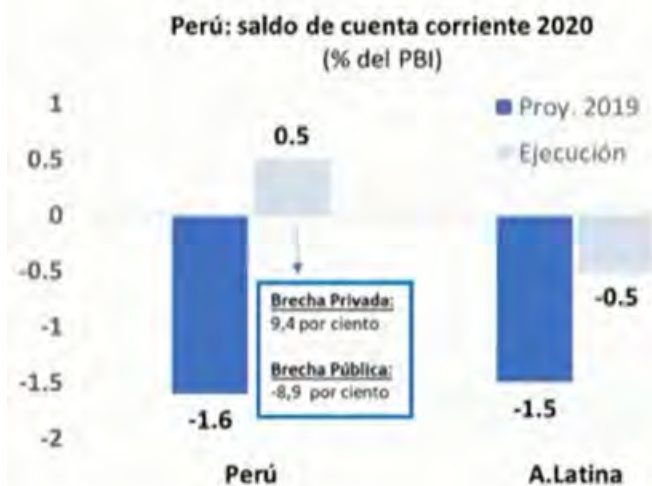
ALEJANDRO WERNER
Director, Western Hemisphere Department, IMF

[Press Briefing: Western Hemisphere Department](#)

El comportamiento de los flujos de capitales durante la pandemia del COVID-19



Las necesidades de financiamiento externo durante la pandemia del COVID-19



Fuente: BCRP y FMI



Deuda pública externa 2020: 15 % del PBI
Deuda pública total 2020: 35 % del PBI
Deuda pública neta 2020: 23% del PBI

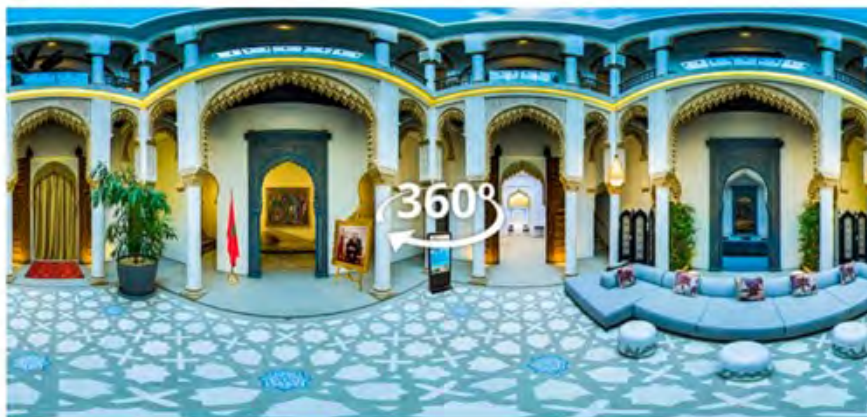
ents / capital flow and external debt in Latin America

Structural Transformation
and Economic Growth

THANK YOU FOR WATCHING

<https://steg.cepr.org/events/stegvirtualcourse2021>

LIVETOURL



Virtual Exhibit - Open Morocco

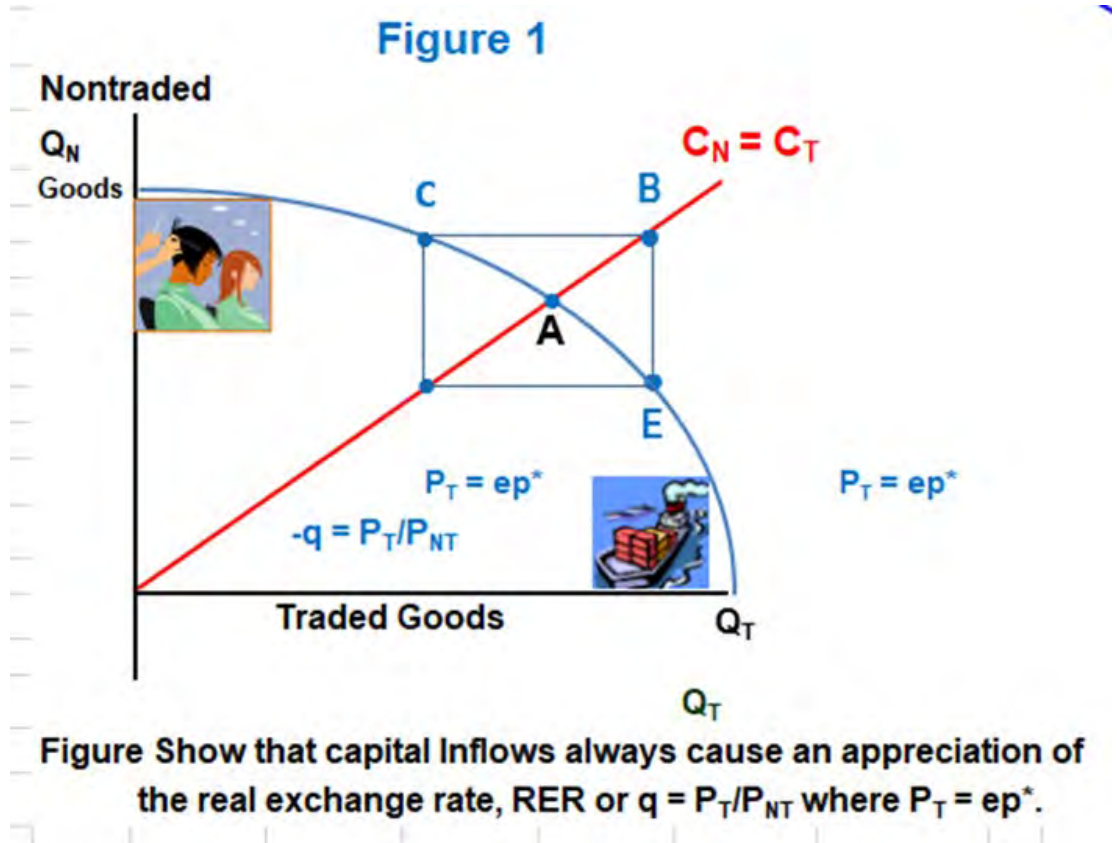
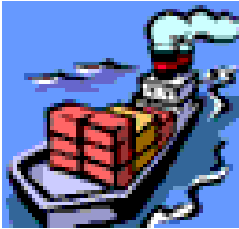
ANNUAL MEETINGS 2022 Marrakech

[Read this on openmorocco.livetour.io >](https://openmorocco.livetour.io)**Midterm Review Questions:**

Check this diagram out on the word version of Problem Set #1. Can you see the water moving below the freighter? Cool no? (you have to download the word file first) **Here is a typical midterm question:** Why is point B not feasible without borrow or aid? When a country tries to consume at point B what happens (remember, nontraded goods cannot be imported). To sustain consumption at point B the country must move from A (for

autarchy) to produce at point C, why? Suppose if foreign aid takes a country to point B, what happens with the aid inflows end? How can aid lead to sustainable consumption at point B (suppose for example aid is used to vaccinate and reduce mortality rates, how would this affect the country's PPF? Recall the debate over [PEPFAR](#) and hiring nurses in South Africa...

Ship GIF stolen from [HKS version of this Course](#)



[Problem Set #1 Spring 2021 pdf](#) [Lecture #1: Getting to know the RER](#)

[Russia's manages Oil Price Shocks](#), [Viktoriia Brezheniuk](#) see slide 15 Figure M-2, why does the middle class matter

[Chile: Key figures for midterm](#) [Ethiopia's Great Run](#) [Bangladesh's Journey](#) [Julian Londonio's Presentation on](#)

[Argentina](#)

[Meshri Ettolba Covid](#) in Africa? 2016 [Vietnam Case Study](#)

Wednesday Feb 24th the Global GIC before COVID and some after forecasts for ARG, BRA, COL and MEX (see Lustig et. al. 2020 below)

[The 2008 Financial Crisis](#) (5.5M views)

Michael Kremer [Preparing for a Pandemic Ahuja et al. 2021](#) [NBER WP 28493](#)

Lecture 3 Feb 16th The Dutch Disease and the Real exchange rate (RER) [World Poverty Clock Post COVID](#)

[CDC chief warns of 'potential fourth surge'](#) [Guardian March 1 2021](#) [CFR-Vice Version](#)

[Ravi Rajan The Third Pillar](#) Paul Collier

Did BREXIT and the COVID Crisis Finally create an EU Fiscal Union? (see my [2014 presentation](#) on WAEMU as a currency area (WAEMU one of two CFA Franc zone CBs) at the [WB on WAEMU in 2014](#)

For Next Week: CEQ: See in Particular Figure 2 on page 9, Lustig, Nora, Guido Neidhöfer, and Mariano Tommasi (2020). [Short and Long-Run Distributional Impacts of COVID-19 in Latin America](#). No. 2013. Tulane University, Department of Economics, 2020.

HW #1 Assignment due? Check Blackboard for all due dates and assignments.

[CEPR COVID Economics](#) CDC Modeling COVID's spread Debate \$2 Trillion COVID relief [Jim Crow Relic](#)

Tirole, J (2017) [Economics for the Common](#) Good [Chapters 11 and 12](#) and [Front Matter + Chapt 1](#)

[Ghana Gita Gopinath Ghana](#)

[Case Study Options \(see my email\)](#)

Soeicoeconomic Groups: gender, formal, informal,

Digitalization, Remittances, Transfers Vaccines

ECON 5450 Key Handouts: [Graduation and Redemption Sp 2021](#)

[The Monetary Approach to the BOP or the Polak Model](#)

[Sustainable Current Account](#)

[The 2014 Debt and Growth debate, including Austerities Spreadsheet Error](#)

[Stabilization and Income Distribution Handout](#)

[Our main Web Page:](#) Kuznets: there are 4 types of countries (Arg/Jap/Zimbabwe) Original Sin & Redemption

Why does the EU appoint the IMF head and the U.S. appoint the WB head?



Textbook excerpt, new for Sp 2021 by [Jean Tirole winner of the 2014 Nobel Prize for Market Power and Regulation](#)

[IMF Financial Programming Model \(aka the Polak model or MABP\)](#)

Old but instructive [Debt and Recovery Handout](#)

[S Korea Demonstrates Asia's Economic Resilience During Pandemic](#) WSJ Jan 26th 2021 Eun-Young Jeong

As with our lives we now have economies before, during and after COVID (BC, DC and AC). We are in DC but may catch a glimpse of AC. BC matters because it shapes our “pre-existing” conditions. For example, age is a key risk factor for COVID-19 fatalities. The median age in Italy is 47, in Germany it is 45 while in the U.S.(Canada) it is 38 (41). Of course other factors are risks: occupation, over-crowding and access to healthcare, these are often determined by race and access to education. Our own research of NYC zip codes suggests it not population density, but persons per room that puts New Yorkers at risk.

Like many problems we confront COVID-19 (and climate change for that matter) is a problem of a missing market. With COVID-19 we cannot charge those who carelessly spread the novel coronavirus but then cannot be forced to compensate those families affected by the virus COVID-19. This was also a problem with the 1918 Spanish Flu but its victims were mainly people in their 20s, COVID's main victims are over 65 (80% of the deaths?)

My Senegal centered comments on the [2016 WESS report by UN DESA](#): Building Climate Change Resilience while [reducing Global Inequality](#), which has been falling (see the my Elephant GIC Lecture) Right now the World Economic Forum is meeting (virtually). In the spirit of the Paris Accord promoting the Climate Adaptation Summit (CAS) for some of the poorest countries in the world (the SIDS, Bangladesh, Mozambique, Mali and Niger (in the Sahel). DESA did a WESS report on this in 2016, I was part of expert consulting group (here are some of my comments [which emphasize Senegal](#) migration class, do watch [Mati Diop's](#) Atlantique. I learned so much from Lykke Andersen at INESAD in Bolivia, she is from Denmark but worked in Bolivia forever, it seems.

In the: [Great Green Reboot](#): the WEF-IMF argues we has reached a tipping point with digitally driven green technologies (Jan 29th 2021). The Economist goes further arguing that Vaccine research financed by

[Nora Lustig Short and L-R Distributional Impacts in Latin America Guest Lecture ECON 6470 Nov. 23rd 2020](#)

Notes from Spring 2020: Here we go, perhaps the most dramatic global shutdown (literally) ever witnessed, mainly to stop the spread of a very nasty virus, SARS-COV-2. Fortunately, multilaterals went to school with EBOLA and HIV-Aids and know what to do (and who to blame). The Asian countries also had SARS and MERs which helped them respond very quickly to these crises (see Vietnam, South Korea, China and Taiwan and Hongkong). The [IMF says it has a lot of firepower \(\\$1T\)](#) and a G-20 leadership even more aggressive than during the GFC (when the IMF did what?) . Next week are the IMF-WB meetings (April 15th) but we already have five [Pandemic Charts and](#) amazing new [data from Google](#) and a [UNICEF report on Child Poverty](#) see presentation on economic impacts of crisis and the Markel et al. paper on the 2018 Spanish Flu. We even have Reinhart and Rogoff and Stiglitz and Sachs weighing in on different aspects of the crisis (see their recent essays [on Project Syndicate](#)).

[url for this IMF Figure](#)

LDQ 1.1 Both the United States and Argentina may be approaching debt to GDP ratios of 90%, roughly the “threat to growth” ratio identified in the classic 2010 Reinhart-Rogoff paper (3000+ citations and counting). Use Barry Eichengreen and Ricardo Hausmann’s “Pain of original sin” to discuss the important difference between Argentina and Japan (and the U.S.). As an illustration, find the sustainable CA formula that works for Argentina the U.S., why are they different? What happens to Argentina’s sustainable deficit when its real exchange rate depreciates?

LDQ 1.2 How active is the Asian Infrastructure Investment Bank (see Milanovic, Branko. Capitalism, Alone (p. 127). HUP see Kindle Edition pages pasted below). Is it an alternative to the IMF or the World Bank? How is the Belt and Road policy affecting Africa and developing countries in Asia. According to Milanovic, 2019 Zimbabwe was China’s first major foreign policy coup d’état (literally). What is China’s role in Zimbabwe right now? Compare to Russia’s role in Venezuela.

LDQ 1.3 Currency depreciation is an option open to “small open economies” including most emerging market countries but not to large countries (Germany, China, Japan and the U.S.). Why not? Use the arrows of AbEconomics to clarify why Japan cannot simply depreciate the Yen to end its long deflation-slow growth crisis. Yet it does have inflation or at least not deflation now, no? How did AbEconomics help it be a “good neighbor.” Certainly, Brazil is potentially a “bad neighbor” for Argentina. What is the Real today? Is it deliberately letting its currency depreciate? (as it did in 1998). How did this depreciation affect Argentina and IMF heading into Argentina’s late 2001 crisis? What is [happening to the Real nominal fx rate now?](#)

[WFP The Faces and Voices of World Hunger](#) [WFP Videos](#)

[The UN World Food Program wins the 2020 Nobel Peace Prize](#)



A worker stands on a vehicle carrying food and medical supplies provided by the World Food Program on June 23, 2019, in Sana'a, Yemen. | Mohammed Hamoud/Getty Images

References:

- Cassidy, John (2013) [The Reinhart and Rogoff Controversy: A Summing Up](#), New Yorker Magazine, April 26th
- Chang, Roberto & Velasco, Andres. (2001). [A Model Of Financial Crises In Emerging Markets](#). The Quarterly Journal of Economics. 116. 489-517.

Davadas, Sharmila and Norman Loayza (2018) [When Is a Current Account Deficit Bad?](#), World Bank Malaysia Hub, no. 17, October

Eichengreen, Barry J., Ricardo Hausmann, and Ugo Panizza.(2003) [Original sin: the pain, the mystery, and the road to redemption..](#)

Eichengreen, B., Hausmann, R., & Panizza, U. (2003). [Currency mismatches, debt intolerance](#) and original sin: why they are not the same and why it matters (No. w10036). National Bureau of Economic Research.

Eichengreen, Barry, Ricardo Hausmann, and Ugo Panizza (2005) "The pain of original sin." *Other people's money: Debt denomination and financial instability in emerging market economies*: 13-47.

Reinhart and Rogoff (2010) [Growth in a Time of Debt](#) American Economic Review: Papers & Proceedings 100 (May): 573–578 <http://www.aeaweb.org/articles.php?doi=10.1257/aer.100.2.573> Cited by 3273 -

[Argentina Debt Restructuring How Much debt is too much?](#) [Gabel Chapter 5](#)

Hector Torres [Restructuring Argentina's Debt will require IMF support](#) (FT Feb 5th more or less, check please)

[Macri's Macro: The Meandering Road to Stability and Growth](#)

[Dollarization will not save Argentina \(FT date?\)](#)

[Things Don't Fall apart Chapter 5](#)

[Coping with volatile Capital Flows](#)

[Argentina Case Study \(Catalina Jack\)](#)

[Macroeconomics of Aid](#)

[Graduation Handout](#)

[Understanding Secular Stagnation](#) [Who's Afraid of Budget Deficits](#) (answer It's mostly fiscal, aka the IMF).

[Brad Setser on Argentina \(cited by PK\)](#)

[Prasad Eswar \(author\) NYT times](#)

[ECON 5450 2018 Calendar](#)

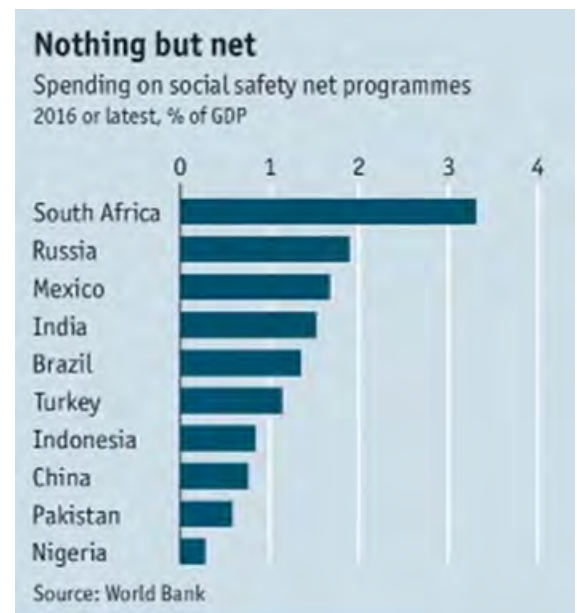


	Table CH-1 Savings and Investment Shares for China			Change	
	2000	2007	2008	2000-08	2000-07
GCF Gross Capital Formation	34	42	43	9.0	7.2
GDS Gross Domestic Savings	37	51	50	13	14
	2.9	9.2	7.1	4.3	6.4

Source WDI interactive figures posted here: <http://darrylmcleod.com/interactive-figures/>

[Case Study Final-presentations Questions](#) [Formatting Guidelines](#)

According to [Friday's WSJ Argentina](#) has hit a rough patch (same with Turkey). The peso [fell more than 10% Friday](#) even as the Central Bank raised the policy interest rate to 40%, trying to restore confidence in both its currency and its 15% inflation target. Don't forget Argentina just switched to a officially floating exchange rate regime when Macri took office in December of 2015. Referring to Figure AR-1 when did Argentina

Updated data: Poverty & [middle class ZAR](#) [Russia, Peru COL](#)

[Nominal Exchange Rates SSA and LatAM](#) [BIS RER data](#)

[WEO Data \(inflation, growth, unemployment, CAB for SSA, LatAm](#) [ZMB ZAR](#))

April 25th: [Case Study Final-presentations](#) [Questions](#) with links to most data you will need. Here is the updated [Fred BIS demo\(v2\)](#) [IMF-WB Meetings](#) [Debt and Growth MM Cardenas Minute 47](#).

[Dark Matter 2018 Ricardo Hausmann](#) [USDA RERs](#)
[Economist](#) & [World Bank The State of Social Safety Nets 2018](#)

Stopping High Inflations:

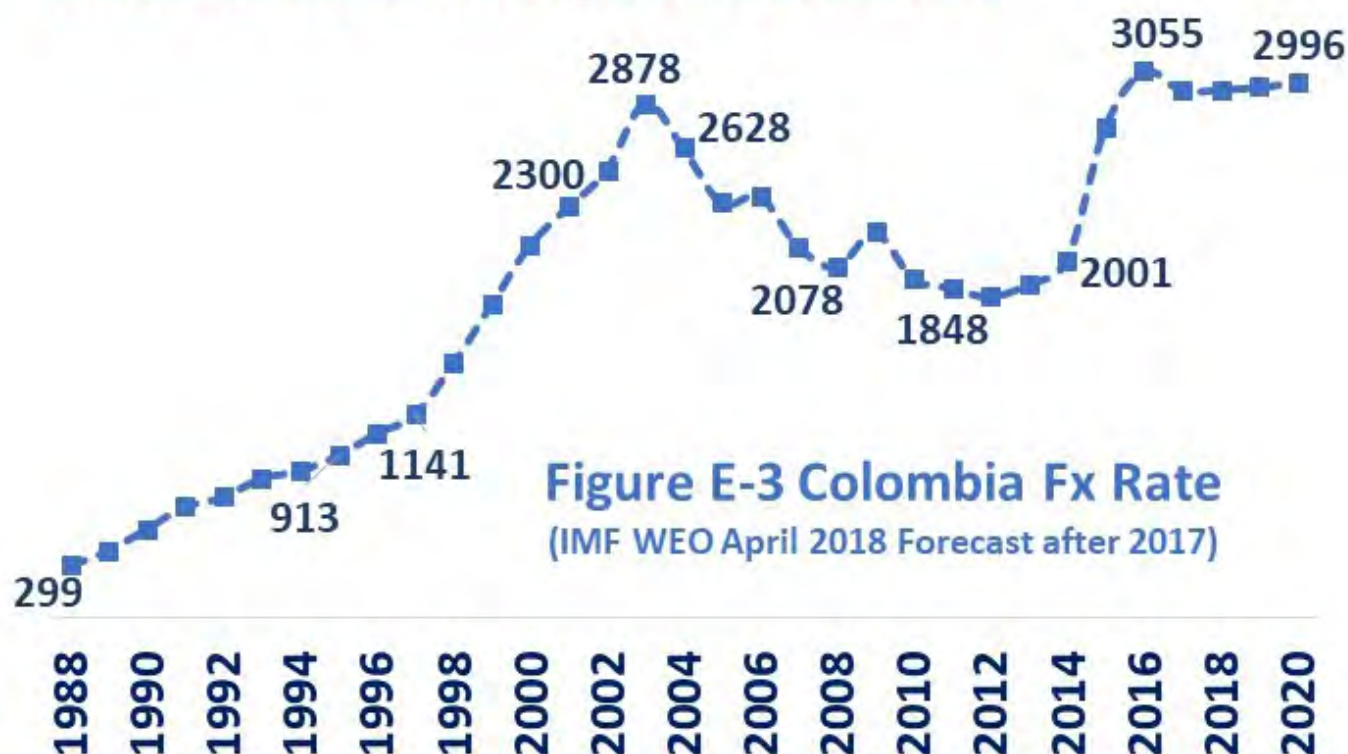
Kiguel, M. A., Liviatan, N. (1995). Stopping three big inflations: Argentina, Brazil, and Peru. In [Reform, recovery, and growth: Latin America & Israel?](#) 369-414 Univ of Chicago Press [62].

Calvo, Guillermo A., and Carlos A. Végh. "Inflation stabilization and BOP crises in developing countries." [Handbook of macroeconomics](#) 1 (1999): 1531-1614.

[Handout: Alternative High Inflation Programs](#) Calvo, Guillermo A.& Carlos A. Végh (1994)"[Inflation stabilization and nominal anchors.](#)" *Contemporary Economic Policy* 12, #2:35-45 [Chile Data is here](#)

Fiscal Space: Measuring Fiscal and Monetary Space: Romer, C. D., & Romer, D. H. (2017). Why some times are different: Macroeconomic policy and the aftermath of financial crises (No. w23931). National Bureau of Economic Research.

When did fear of floating end for Colombia?



See the [Macroeconomics of Aid](#) references including Gupta 2005 and the new [graduation handout\(v3\)](#).

[IMF Blog Migrant buffers shocks](#) [Best Buffer for Climate Shocks?](#) (IMF, WEO, Oct 2017)

Lessons for [exchange rate management](#)...in Africa?

[Alesina et al. 2018 on "Expansionary Austerity"](#) ([Climbing out of Debt, pdf](#))

Case Study Data Resources HW#2 is a preliminary data inventory for your country due Thursday on BB if possible (you can revise it if you find more data). This is PDF version (check for frequent updates). For the word template check the BB assignment 2 (HW2). I will post the first Problem Set tomorrow before class, it will be due a week from today (Feb. 27th). I will post the midterm March 6th more or less two weeks before Spring Break starts on March 21st
[Sustainable Debt](#) [Graduation Handout](#) [PS1 Now Japan Only](#) [PS2 Mexico and Chile](#)

Lecture Notes: Krugman [Paroling the Spanish Prisoner](#) (Wonkish) [Heller: Fund supported programs & the poor](#)
[Sustainable CA Deficits](#) [PS3_2015](#) [Paul Krugman on Spain's sacrifice](#)

Midterm review: [MABP](#) [Traditional Approaches to CA Adjustment](#) [The Australian on TNT Model](#) (see Chapt 21)
[Review TNT model](#) [Modern Approaches to CA Adjustment](#)

Lecture Notes: [Macroeconomics of Aid](#) [Stabilization & Income Distribution](#)

Lecture Abeconomics [LDQ 1.1](#) (see BB) for word template & due date. [Answers](#) Thank you for: [CFR Abenomics](#)¹
[Sample answers from 2015](#) [Formatting guidelines](#) [Traditional and Modern Approaches Sp 2018](#) [MABP](#)
[TNT Model with Sachs and Larraine](#) [Dutch Disease LatAM](#) Sachs and Larraine [Chapt 21 color](#) [Chapter 6](#)

Post Midterm Goals: Post Midterm including CS question (your country) [Review TNT model](#) Terms for Review: Graduation, Redemption, original Sin, debt to GDP tipping point (sustainable debt level); twin deficits, Depression Economics (DE: in this course), Internal vs. External Devaluation, BRICs IMF?, [Chile's Fiscal Rule](#).

Fleming, Michael J., and Nicholas Klagge. "[The Federal Reserve's foreign exchange swap lines](#)." (2010).

Jeffrey Frankel, 2011. "A Solution to Fiscal Procyclicality: the Structural Budget Institutions Pioneered by Chile," *Journal Economía Chilena* (Chilean Economy), CB of Chile, vol. 14(2), 39-78, August [NBER paper 16945](#)

Frankel, Jeffrey A. 2012. The Natural Resource Curse: [A Survey of Diagnoses and Some Prescriptions](#). HKS Faculty Research Working Paper Series RWP12-014, John F. Kennedy School of Government, Harvard Univ

Lecture ABECONMICS: [How to be a good neighbor](#) [Argentina Presentation 2014](#) [Nigeria 2009](#)
[The Australian on TNT Model](#) (see Chapter 21) [Revisiting the Paradox](#) (voxeu) [Coping with Capital Flows](#)
[Adjustment Approaches](#) [Post conflict recovery and Aid Surges](#) [DeVries chapter 1](#)

Volatility returns: Check your country re Feb 6th Mexico [Thailand](#) Indonesia India [South Africa](#) Poland Project
[Nominal Exchange rates](#) [Introduction Lecture Notes](#) [Vegh Road to Redemption](#) [Crises and Recovery](#)
[Aid and Recovery](#) [CBN Presentation Nigeria](#), [UNDP 2008 Chapter 4](#) [Argentina 2001](#) [Greece v Puerto Rico](#)

Lecture MABP: [Problem Set #1](#) Handouts: [Alternative Adjustment strategies](#) [Monetary Approach to the B of P](#)

Lecture notes: [Abe Economics 3 Arrows, 2014](#) Today's Paul Krugman [Inflation Derp column](#) today is helpful and relevant to our "Is Austerity Necessary?" hypothesis, see also chapters of "End this recession Now" posted on BB. Please read [Sachs and Larraine, Chapter 21](#) through page 669 especially Table 21-1 showing Chile's "neo-conservative" stabilization program 1979-85 which crashed in 1981 raising unemployment to nearly 20% in 1982, one of three over 20% unemployment spells that changed mainstream thinking about stabilization policy (the others were Argentina during the late 1990s and Greece after 2008). Which of these three infamous episodes involved internal devaluation, which involved a sharp (involuntary) external devaluation*? As usual we have to get to work and return to the nice austerity arguments later, but see also Chile and Israel's famous adjustment programs in Calvo and Vegh, 1997 [Table 1 and Table 3](#) and in the shorter "nominal anchors" overview by Calvo and Vegh, 1994 Tables 1-4 (see class handout and [Heterodox summary](#)). Why did "orthodox" money-based programs often result in sharp exchange rate appreciation? How did these programs often fail (the most important example being Caracazo in 1989, launching the career of one of the most important leaders in Latin America... What did the IMF learn from these "IMF riots" (according to Stanley Fisher).

Lecture 1: Introduction: [Is Austerity Necessary?*](#): Thought experiment using the market for dollars (MFD) diagram below. This looks like a supply and demand diagram, but it really is not a normal market in that...what? Discuss the three arrows of AbEconomics? Why are three arrows better than one (according to an ancient Japanese myth). How does an ancient sign discovered after the devastating Tsunami that shut down Japan's nuclear power industry remind us of how much Japan appreciates running a trade surplus. China is much less vulnerable to climate shocks, so why did it accumulate over three trillion dollars in reserves, held mainly in U.S. bonds... though less so now. Why is China running down its reserves during the past two years? Jeff Sachs believes this is a tragic mistake, in fact the same mistake Japan made in accepting the Plaza Accord. Explain. How would the end of NAFTA affect Mexico? In what sense has Mexico been too successful post NAFTA? (hint: where do most of its dollar earnings come from? Hint: see the opening scenes of *Specter*, very much fiction, so what did the Mexican government do about this? What can be done about the Venezuela tragedy [Real Exchange Rates and adjustment](#)

Disaster Capitalism and Naomi Klein's Shock Doctrine attributed to Milton Friedman (and free markets): revisiting "heterodox" policies. The Tablita programs or mainly "exchange rate based" programs were an important transition in moving away from money targets to modern "managed expectations" approaches to monetary policy (the past decade for example has

Is Austerity Necessary? Three developments suggest stabilization policy has become less necessary in middle income and developing countries. One is the success of "heterodox" policies in bringing down inflation

Do the Chinese characters for crisis imply danger and opportunity* No just a favorite consultant's cliché, according to Brookings we should blame JFK...but then how can we, he is our hero... recall the Kennedy tax cuts.

Very few economics courses have wonderful videos setting the stage for current debates. However, Democracies are fragile but remain our best ally in dealing with crises (cf. Tunisia and the Arab Spring). Commanding heights Episode is a

2001 documentary produced at the peak of post-cold war optimism (it does not anticipate the rise of left and now right populist political movements...). We will focus on initially on Latin America, Chile and Bolivia (now the Plurinational state of Bolivia). Chile and Bolivia became the poster children for “shock treatment”: Watch the prologue in first four minutes of Episode 2 (the intro segment with J. Sachs and President Clinton...sounds strange I know). Then skip to [Chile and Bolivia at 19:38](#) where the mixed legacy of the Chicago boys is discussed (see also Naomi Klein on the human cost of the Shock Doctrine in Chile and Argentina...). At the end of the prologue the narrator and producer of this video, Daniel Yergin, says “This free-market revolution has really led to the new global economy. It excites some and terrifies others.” The ongoing backlash against globalization is a little terrifying right now... if your roommate doesn’t like loud music, see the [PBS transcript of this video](#) here (or turn on CC). The video benefits of focusing on crises continues with ten-minute videos produced by Visual Politics (in Spanish and English) focusing on [the crisis in Venezuela](#) (several [videos](#)) and new [threats to Mexico](#)... (on [Venezuela VOX](#) also has short video...1.6M views, the VOX video sets the stage from). How bad was it five years ago... see Krugman, Paul (2012) End This Depression now Chapter 1 and Chapters 10-12...

Is Austerity necessary? the enduring lessons of Chilean/Southern Cone & Asian Stabilization programs

In this course we argue that the main lesson of Chile and the early Southern Cone Stabilization experiments is that there is no need for shock treatment, even for ending hyperinflation. Chile paid a heavy price (twice) to end inflation, but this was largely for ideological reasons. Other Southern Cone countries used innovative “Heterodox Stabilization programs” to end inflation. The Chicago boys ignored nontraded goods prices (including real estate) so free trade and capital inflows did not stop inflation as planned. Instead the Chilean peso appreciated leading to a flood of cheap imports and a balance of payments crisis (see S&L 1993, [Sachs and Larraíne, Chapter 21](#)). A number of Heterodox programs combined “unorthodox” wage and price controls with the Chilean born “Tablita” to bring down high inflation with an expansion not a recession, making the most severe form of “shock therapy” bad economics. For Chile and the infamous “Chicago Boys” the Shock Doctrine in Chile produced real changes, but ones that neither critics or supporters anticipated... Since 2000, Chile has alternated Left Social Democratic (Michelle Bachelet, two terms) and Center Right (President Sebastián Piñera and finance Minister Felipe Larraíne) for 15+ years, with the Center Right just starting. In 2011 Chile saw prolonged and somewhat violent uprising against student debt (also a problem for North America).

*

Figure 2: capital flows and the RER in a small open economy

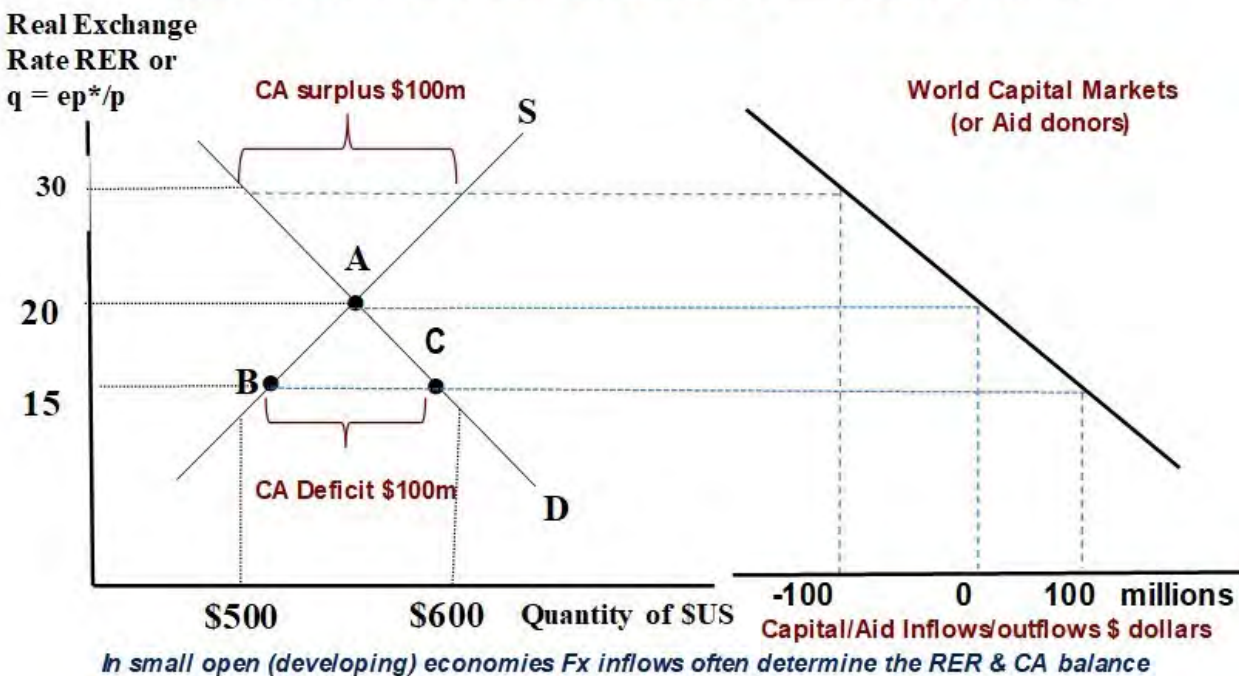
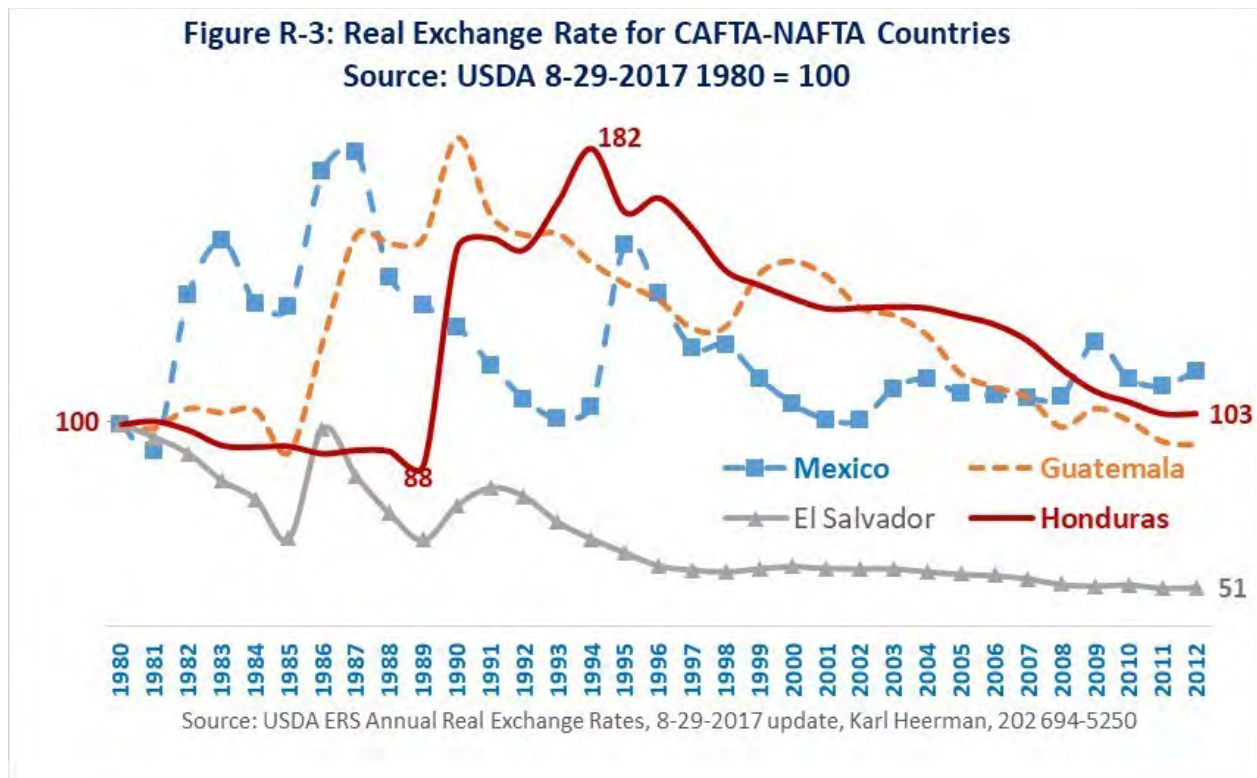


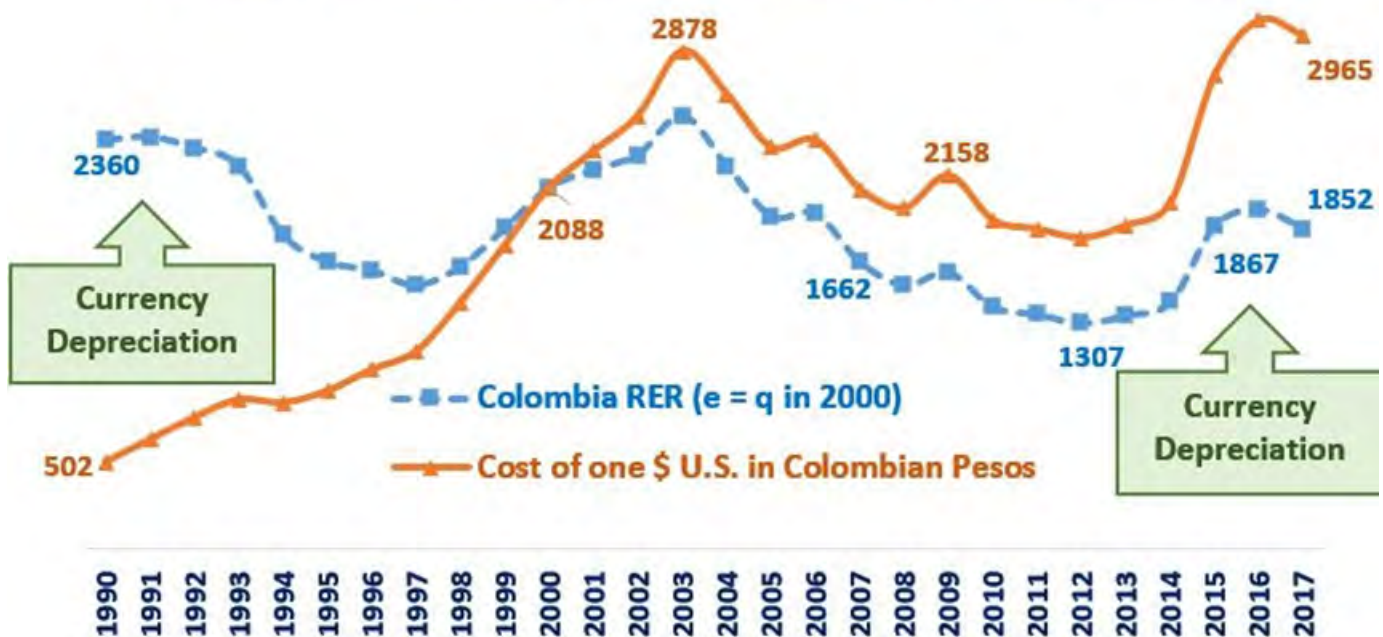
Figure R-3: Real Exchange Rate for CAFTA-NAFTA Countries

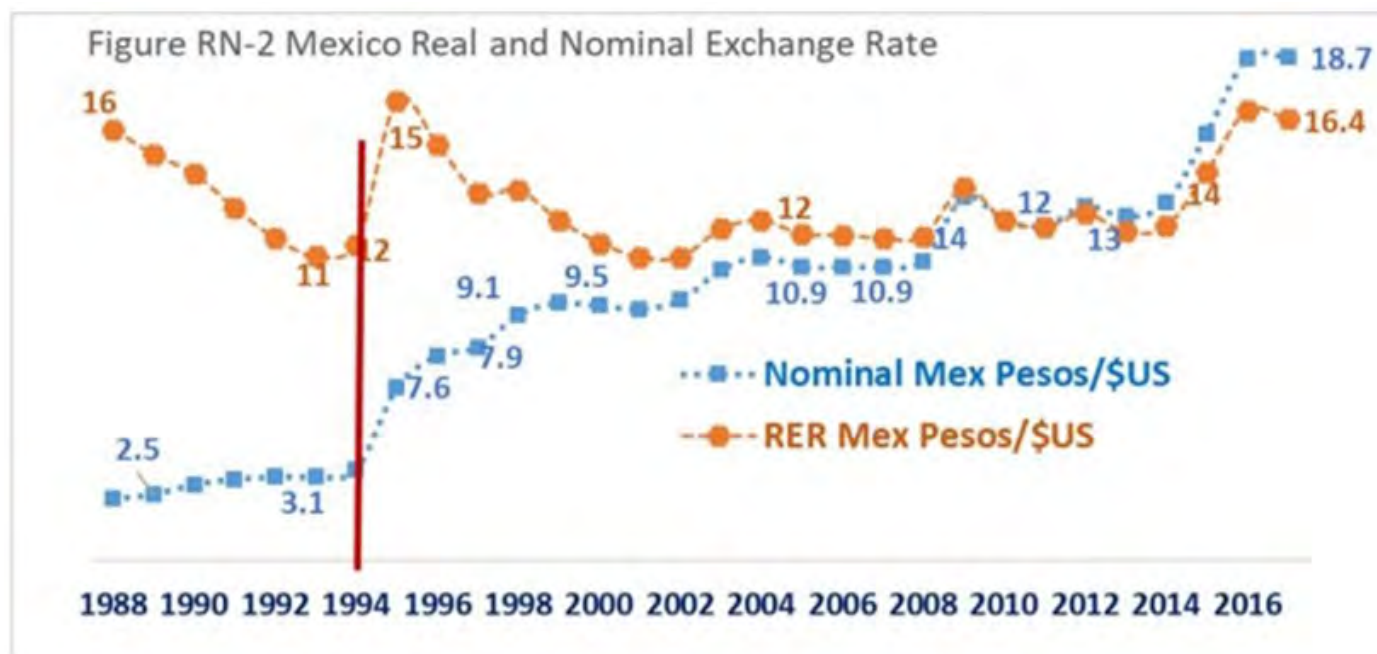
Source: USDA 8-29-2017 1980 = 100



[USDA International Macro Data Set Updated 1-8-21](#)

Fig RER-6 Colombia Real & Nominal Exchange Rate (USDA-ERS)





Lustig, Nora, Albert Fishlow, and François Bourguignon. "Presidential Address: Crises and the Poor: [Socially Responsible Macroeconomics](#) [with Comments]." *Economia* 1, no. 1 (2000): 1-30.

Frankel, Jeffrey A., Carlos A. Vegh, and Guillermo Vuletin. "[On graduation from fiscal procyclicality](#)." *Journal of Development Economics* 100, no. 1 (2013): 32-47 [pdf from Harvard](#)

Ortiz, Isabel, and Matthew Cummins (2013) "[The age of austerity: a review of public expenditures](#) and adjustment measures in 181 countries" [Social Justice in Global Development](#), UNICEF

Venezuela Ricardo Hausmann, [Overdosing on Heterodoxy](#) buy don't read [D-Day for Venezuela](#)

Brad de Long [Why Low Inflation is no Surprise](#)

McLeod and Welch on [Venezuela's Outlook October 1996](#)

MLK week reading and [JFK on crises as opportunities](#)

My [Senegal Sample Case Study](#) Figures The novel key idea that a fiscal policy rule funding a [Sovereign Wealth Fund](#) (SWF) can be a substitute for international capital flows and flexible exchange rates reminds us that fiscal policy and monetary policy can be substitutes and complements, (recall the three adjustment arrows). Chile and a few other countries have managed this (SWFs are more efficient than huge Reserves, though China is doing both). This was the theme of last [year's midterm "challenge"](#) (and likely will be on this year's too)

Lecture 2: The IMF Transformed [by DSK and Christine Lagarde](#) in Lima

[Handout Stb Income distribution](#) Nora Lustig [Socially responsible Macroeconomics](#) The Washington Consensus [A damaged Brand](#) How is Puerto Rico not Greece [Latin American Inflation](#) returns? [Orthodox vs. Heterodox Programs](#)
Our 1996 view of [Venezuela from Stabilization to Growth](#), [Venezuela last week](#)

Lecture Notes [RER Adjustment in the TNT Model](#) [Traditional Approaches to CA Adjustment](#)

[This time is different](#) [Elasticities Approach Notes 2015](#) [Graduation 2018 Handout](#)

[The Polak Model or MABP](#) [Handout: notes on the TNT model](#) [Aid Lecture notes](#) [Handout](#)

Videos: See how to use FTP below **How to make diagrams using templates** [How to use the snipping tool](#)

[Early Draft of Box 4.1 UNDP BCPR Chapter 4](#) [Senegal Project](#) [Nominal Exchange rates](#) [Introduction Lecture Notes](#)
[Vegh Road to Redemption](#) [Crises and Recovery](#) [Aid and Recovery](#) [CBN Presentation Nigeria](#)

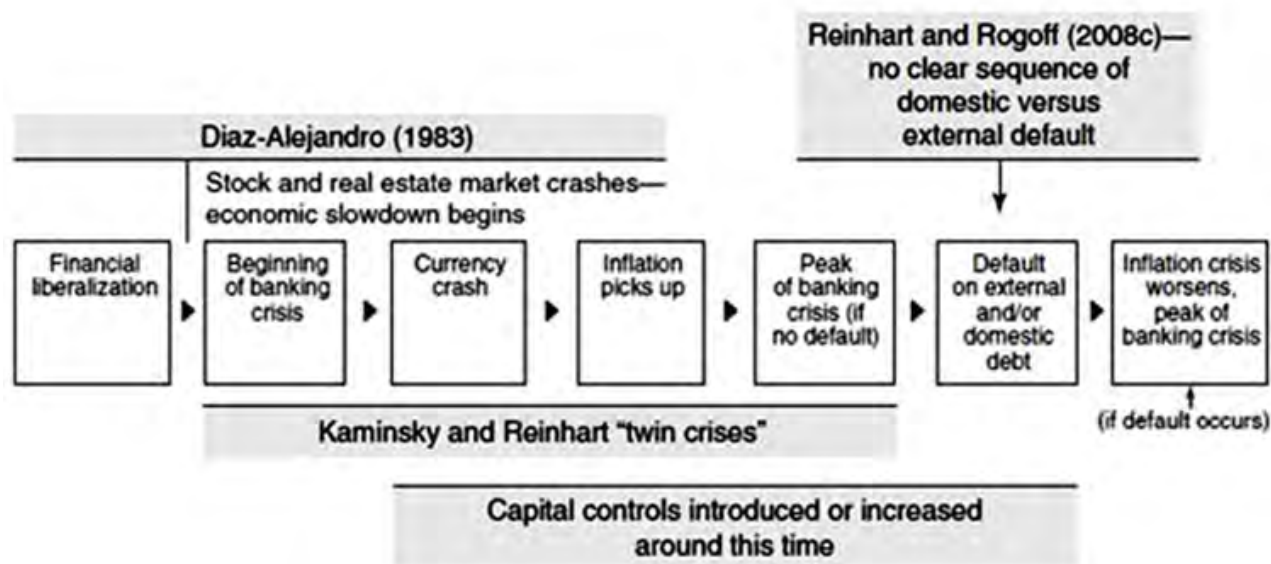
Baldwin, Richard and Francesco Giavazzi (2015) *The Eurozone Crisis A Consensus View of the Causes and a Few Possible Remedies* A [VoxEU.org eBook](#) CEPR Press, London 978-1-907142-88-8.

Terms for Review: Automatic vs. Managed Adjustment; the gold standard vs. floating exchange rates; competitive devaluation and inflation; good neighbor policies; **secular stagnation** post WWII and post 1990 Japan; Martin Wolf

“managed depression”; the elasticities approach in small open economies; Sudden Stops; Good neighbors, large countries ; the real exchange rate ($q = ep^*/p_a$); structural adjustment (e.g., the Hartz Reforms).

[Senegal Project](#) [Nominal Exchange rates](#) [Introduction Lecture Notes](#) [Vegh Road to Redemption](#) [Crises and Recovery](#) [Aid and Recovery](#) [CBN Presentation Nigeria](#)

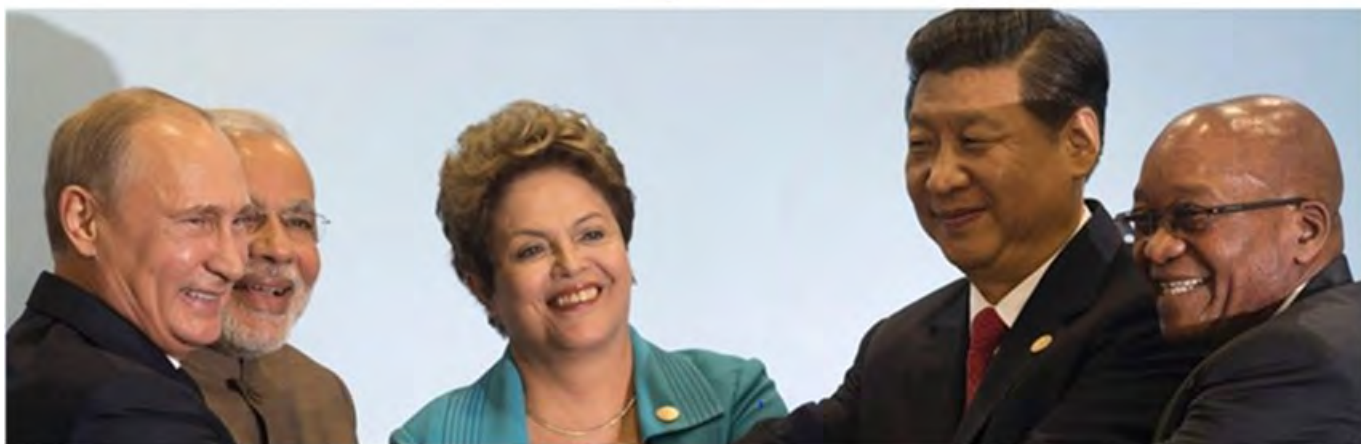
Terms/concepts: Bretton Woods Agreement; Contagion; the role of the IMF in Europe; Original Sin; Redemption; graduation; pro vs counter cyclical fiscal policy; IMF Austerity (adjustment); default vs. debt overhang; debt service vs. Debt overhang, Mario Dragi “whatever it takes and the OMT July-Sept 2012; AbeEconomics (3 arrows); Quantitative easing; Taper Tantrum (May 2013);



LDQ 1.1 Did the IMF cause the Ebola crisis? The BBC and Lancet blame the IMF for the spread of Ebola in West Africa. Is the BBC correct? See also [Sangeev Gupta’s reply](#) to the Lancet Article (which refers to similar controversy [focusing on HIV/Aids in 2007](#) initiated [by the CGD](#).)

LDQ 1.2. Why are these BRICS leaders so happy? ([hint: BRICS NDB turns 2](#)) Is this the beginning of the end of the IMF? (look at the most recent [IMF lending map](#)) Which two countries held the IMF’s future in their hands but chose to save it?

B) Are these new [BRIC institutions a dream come true?](#) [AbeEconomics slides](#)



1.6 Dealing with huge debts: As those of you who have seen (or read) Hamilton know, dealing with large national debts is difficult but crucial to the fate of nations. A) In 2010 the U.S. had a debt scare (in the WSJ mainly). Below is a scary forecast from the CBO published in the WSJ during 2010 (see notes on [debt and growth: a U.S. California case study](#)).

[Vegh Road to Redemption](#) My 2008 [CBN Presentation Nigeria](#) Japan's [Abe Economics ramped up](#) [PK's apology: EU makes Japan](#) look great...as does his 1998 seminal and prescient BPEA article "It's Baaack: Japan's Slump and the Return of the Liquidity Trap" validated by events here and in Japan and Europe. Surprisingly, starting about page 160 Krugman argues fiscal policy may not be needed, that monetary policy can do the job, this would be great, the U.S. has relied mainly on monetary policy, and the EU has none (especially if Germany will not expand). It is nice to have three arrows in your toolkit, but if one is enough to stimulate recovery, we'll take it...

Final exam: You are welcome to present your case study to the class on May 2nd (and avoid writing it up on the final exam, provided you agree to update it after you present it, if necessary). Thank you to Victoriia and Natcha they set a high bar for all of us.

The ECON 5450 FTP reader has been replaced by USB drive (ask for one):

References

Luigi Guiso, Paola Sapienza and Luigi Zingales (2014) "Monnet's Error?" [Final Conference Draft](#) to be presented at the Fall 2014 BPEA ([Brookings Panel on Economic Activity](#)) September 11-12, Wash DC.

Nasar, S. (2011). *Grand pursuit: The story of economic genius*. Simon and Schuster ([pdf in Russian](#))

Piketty, Thomas (2014). Capital in the Twenty-First Century (p. 53). Harvard University Press.

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www.gdsnet.org/ECON5450Spring2020_Syllabusv1.pdf

www.gdsnet.org/ECON5450ChangingAttitudeTowardDebtCalifornia.pdf

www.gdsnet.org/ECON5450_Spring2020_CopingCapitalFlowsAdjustmentApproaches.pdf

www.gdsnet.org/Grabel2017WhenThingsDontFallApartChapter5.pdf

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www.gdsnet.org/ECON5450Spring2018_Calendar.pdf

www.gdsnet.org/ECON5450Spring2020_Calendar.docx

www.gdsnet.org/ECON3235_v3ArgentinaCaseStudy_CatalinaJackUpdated2019DLM.pdf

[ECON3235_v3ArgentinaCaseStudy_CatalinaJackUpdated2019DLM.pdf](http://www.gdsnet.org/ECON3235_v3ArgentinaCaseStudy_CatalinaJackUpdated2019DLM.pdf)

https://www.files.ethz.ch/isn/123780/2010_11_PDG%20on%20debt%20default%20mechanism.pdf

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www.gdsnet.org/WSJTooMuchDebtEconomistsCantAgreeWSJFeb16th2020.pdf

www.gdsnet.org/RestructuringArgentinaDebtwillrequireIMFsupportFinancialTimes.pdf

www.gdsnet.org/Spring2018_ECON5450_PS1.pdf

Third, China under Xi (and probably more broadly, because the policies associated with him have much broader resonance) seems ready to take on a more active international role and to "sell" its own success and experience worldwide. A number of recent initiatives make that apparent. The most important is the increasing role that China plays in Africa, and the overhaul of African development strategy that has resulted from it. It is not surprising that several of the countries with systems of political capitalism are in Africa, and that all of them have strong economic ties to China (see Table 3.1). It could even be argued that China proceeded for the first time to a successful and discreet overthrow of a foreign government when it engineered the removal of Robert Mugabe from power in Zimbabwe in 2017. It was a signal success because of the bloodless way in which it was done, the behind-the-scenes role of China, and the worldwide support for the move, given how unpopular Mugabe's regime had become both domestically and internationally. The success of that operation can be contrasted with the debacle of a similar Western operation in Libya, which resulted in a protracted civil war in the country and an almost total destruction of all accoutrements of modern society that shows no signs of abating or ending.*[dml: but then Zimbabwe does not appear in Table 3.1 below, while nearby Botswana does?]

Another important, and even more ambitious, project is the Belt and Road Initiative (BRI), which is supposed to link several continents through improved, Chinese-financed infrastructure. Regular, large-scale



deliveries of Chinese goods to continental Europe and the United Kingdom via the Eurasian land route (much faster than via sea) have already started to take place.⁵⁶ Not only does BRI represent an ideological challenge to the way the West has been handling economic development in the Global South, disregarding physical investments and focusing instead on “post-material” institution-building, but it will project Chinese influence far and wide and link BRI countries into what may be termed a Chinese sphere of influence. There are plans for any investment disputes that arise to be handled under the jurisdiction of a Chinese-created court (Economy 2018; Anthea Roberts, pers. comm.). This would be quite a reversal for a country whose “century of humiliations” was marked by foreigners in China not being subject to Chinese laws.

Many countries may welcome being part of BRI because of the tangible benefits that Chinese involvement will bring (roads, harbors, railways) and also because China is perceived as uninterested in influencing domestic politics and attaches no political strings to investments.⁵⁷ As Martin Jacques writes, unlike the United States, which emphasizes democracy within nations but imposes hierarchical relations internationally, China has no interest in the domestic policies of recipient nations; it does not practice what Joseph Schumpeter, in a critique of standard twentieth-century American policies, called “ethical imperialism.”⁵⁸ Instead, China emphasizes democracy between nation-states, that is, it insists on formal equality of treatment of all countries.⁵⁹ For many in smaller countries, both sides of this equation (noninterference in domestic politics and formal equal treatment) are attractive.

Justin Lin, one of the ideologues of the Belt and Road Initiative, sees another potential advantage of BRI for poorer countries (Lin and Monga 2017). China will be gradually “vacating” manufacturing jobs that should “naturally” be taken over by less-developed countries. However, without a reasonably good infrastructure, they will not be able to do it. In fact, one of China’s own development lessons has been that infrastructure is extremely important for attracting foreign investment, as the example of the special economic zones shows. The difference in developmental emphasis (infrastructure versus institution-building) precisely matches the distinction between political and liberal capitalisms: through their preferred development strategies, both try to play to their strong suit. The strong selling point of political capitalism is state efficiency—the fact that it can bring private actors to build something that improves peoples’ ordinary lives in tangible, material ways. The selling point of liberal capitalism is that the state is there to set the institutional framework within which private actors will decide on their own what (if anything) is the best thing to build. In the first case, the state is an active and direct actor; in the second case, the state is an “enabling” and passive actor. This reflects, of course, the ideal-typical role of the state in the two systems.

Finally, China, following again the same “constructivist” approach, has founded the Asian Infrastructure Investment Bank, which, as of mid-2018, has more than eighty countries as members and is headquartered in Beijing. Its obvious objective is the projection of Chinese economic power in its Asian near abroad. China’s creation of new international economic institutions parallels what was done under US leadership after World War II, through the foundation of the World Bank and the International Monetary Fund. There may be yet another (fourth) factor that might predispose China to be more active on the international stage. This factor links domestic and foreign policies. If China continues with a passive role where it does not advertise its own institutions, while the West continues advancing the values of liberal capitalism onto China, it is more likely that such Western institutions will become increasingly popular and supported by large swaths of the Chinese population. But if China is able to define what are the advantages of political capitalism, it will be able to resist foreign influence with some counter-influence of its own rather than with passivity. In that sense, being active internationally is a matter of domestic political survival and arises because of potential domestic weakness.

These are both the factors and the actual moves that seem to push China toward playing a much more active role in the “export” of political capitalism and the creation of a string of states with similar systems, even if it is difficult to see how such states may be linked in any formal alliance or arrangement with China. But it could also be that the informal influence may fit much better with Chinese history and preferences. Even with this kind of informal structure, China is bound to exercise increasing influence on world institutions that, in the past two centuries, have been built exclusively by Western states and were reflective of Western interests and

history.⁶⁰ Now, this will no longer be the case. As Martin Jacques writes: “The emergence of China as a global power relativizes everything. The West is habituated to the idea that the world is its world; that the international community is its community, that international institutions are its institutions.... that universal values are its values.... This will no longer be the case” (2012, 560).

The viability of political capitalism as a successful model rests on (1) the ability to insulate politics from economics, which is intrinsically difficult because the state plays an important economic role, and (2) the ability to maintain a relatively uncorrupt centralized “backbone” that can enforce decisions that are in the national interest, not just in the narrow business interest. Point (2) is more easily realized in political regimes that have a revolutionary past and thus the required centralization, which is often a product of revolutionary struggle. But with the passage of time, maintaining an acceptable level of corruption becomes more difficult and can undo, or even overwhelm, the other advantages of the system. Note that both of the contradictions of the system identified in Section 3.3a have to do with corruption and corruption-generated inequality.

The export potential of political capitalism is limited because we can expect points (1) and (2), insulation of politics and relatively uncorrupt administration, to hold in only very few countries. Or to put it another way, the system can be exported or copied, but in many cases it might fail to be economically successful. This, in turn, will undermine its global attractiveness.

Milanovic, Branko. *Capitalism, Alone* (pp. 125-128). Harvard University Press. Kindle Edition.

TABLE 3.1. Countries that have systems of political capitalism

Country	Political system	Number of years in power (up to 2018)	Average GDP per capita growth rate between 1990 / 1991 and 2016	Corruption ranking in 2016 ⁴
China ¹	Single party rule since 1949	69	8.5	79
Vietnam ¹	Single party rule since 1945, extended in 1975 to South Vietnam	73	5.3	113
Malaysia	One party in power since 1957 (ended in May 2018)	61	3.7	55
Laos ¹	Single party rule since 1975	43	4.8	123
Singapore	One party in power since 1959	59	3.4	7
Algeria ¹	Single party rule since 1962	56	1.8 ²	108
Tanzania ¹	One party in power since 1962	56	3.5	116
Angola ¹	Single party rule since 1975	43	1.1	164
Botswana	One party in power since 1965	53	2.8	35
Ethiopia ¹	Single party rule since 1991	27	4.1	108
Rwanda	Single party rule since 1994	24	2.6 ³	50
World			2.0	88

1. Ruling party is communist or quasi-communist.

2. Calculated after the end of the civil war in 2002.

3. Calculated after the end of the civil war in 1993.

4. Countries are ranked from the least corrupt (number 1) to the most corrupt (number 176).

Note: "Single party rule" means that other parties do not exist or are irrelevant; "one party in power" means that the multiparty system exists but one party always wins elections. Data source: GDP data from World Bank World Development Indicators 2017. Corruption ranking from Transparency International, <https://www.transparency.org/>. This corruption index measures "perceived levels of public sector corruption according to experts and businesspeople."

The

<https://darrylmcleod.com/econ-5450-2/>

www.gdsnet.org/COVID19Lecture3GlobalSARSimpact.pdf

www.gdsnet.org/GuerrierriLorenzoniStraubCovid19_supply_demand.pdf

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[Why does Nathan Myhrvold think of himself as wizard?](#)

<https://gdsnet.org/ECGA5450MacroofAidHandout.pdf>

<https://changemaker.blog.fordham.edu/fordhams-global-poverty-index-highlighted-at-world-day-of-the-poor-event/>

https://www.youtube.com/results?search_query=William+Julius+wilson

https://en.wikipedia.org/wiki/War_on_poverty

[Legacies of the war on poverty](#)

[Vox: best charities](#)

<https://fordham.hosted.panopto.com/Panopto/Pages/Viewer.aspx?id=8c8c3959-735a-444e-9437-ac7d00059718>

Here are questions for HW and ultimately the final exam:

FE-1. Explain intuitively the basic economics of temporary shutdowns, where a) most "shelter in place" and all but essential workers stop working. The more immediate the shutdown and draconian the travel restrictions, the quicker the economy can recover (mention evidence from China, HK, Singapore Korea Taiwan Vietnam). How did Korea use technology (testing, and apps) to speed it's containment? What is containment in this case (see the Voxeu Instant books and economics of COVID chapters by Baldwin). How much is a life worth?

FE-2. With respect to formal analysis, Krugman refers to "state of the art" Guerrieri et al. 2010 paper and Krugman, 1998 why? We are about to see very high rates of unemployment in the US and other OECD countries, why is this less of a problem than during the GFC or Asian or 1980s debt crises? Deflation in the OECD sets the table for massive aid packages in the North (\$2T aid package) can EM and developing countries ignore inflation (as EU and USA governments are?) Why is COVID shock likely to be longer-lasting in emerging markets? How can G-20 (IMF and WB) extend benefits of loose monetary policy to EM and Developing countries? Asian countries shut down earlier and are emerging more quickly from, why? Discuss the China, Vietnam and South Korea, why were Democracies (Italy, Spain, USA, even Argentina) slower to shut down via social distancing? How is an App and 5G helping in Asia?

FE-3. Did social distancing work against the 1918 Spanish flu? How do we know? Was NYC an early or a late adjuster? Who are the late adjusters today (hint: Brazil and Mexico). Are these democracies or populist regimes? (check Bolivia and Venezuela in Google mobility data)

FE-4. From a distance, this looks like the 1980s lost decade with falling commodity (oil) prices combined with a sudden stop triggered by natural disasters SARS-COV-2 (indeed \$83B has fled emerging markets this year). Why is this capital likely to return more quickly than it did during the 1980s? Why is a recovery in world trade and commodity prices important to developing and middle-income countries over the next year? Why is this time different from the point of view of OECD countries, foreign debt and the role of the Bretton Woods institutions?

FE-5. Compare this report the 1987 UNICEF volume on adjustment with a human face discussion? Who were the main authors of this famous UNICEF volume? Where they now (Jolly, Cornea and Stewart)? Where are the key ideas of this report now? [Have they weighed on the ongoing COVID Crisis?](#) Summarize the three scenarios UNICEF anticipates in this report? They argue children were hardest hit during 2008 GFC, what is their evidence? Are they discussing a short-term reduction in global growth or a long-term fall that puts SDG 1 by 2030 at risk (what is SDG 1?). What about the other SDGs involving child poverty? In middle-income countries such as Vietnam, Argentina, Brazil and India(?) what should prevent child poverty from increasing? Why are aid and remittances crucial to many poorer countries in Latin America and Africa?

UNICEF [COVID impacts on Child Poverty](#):

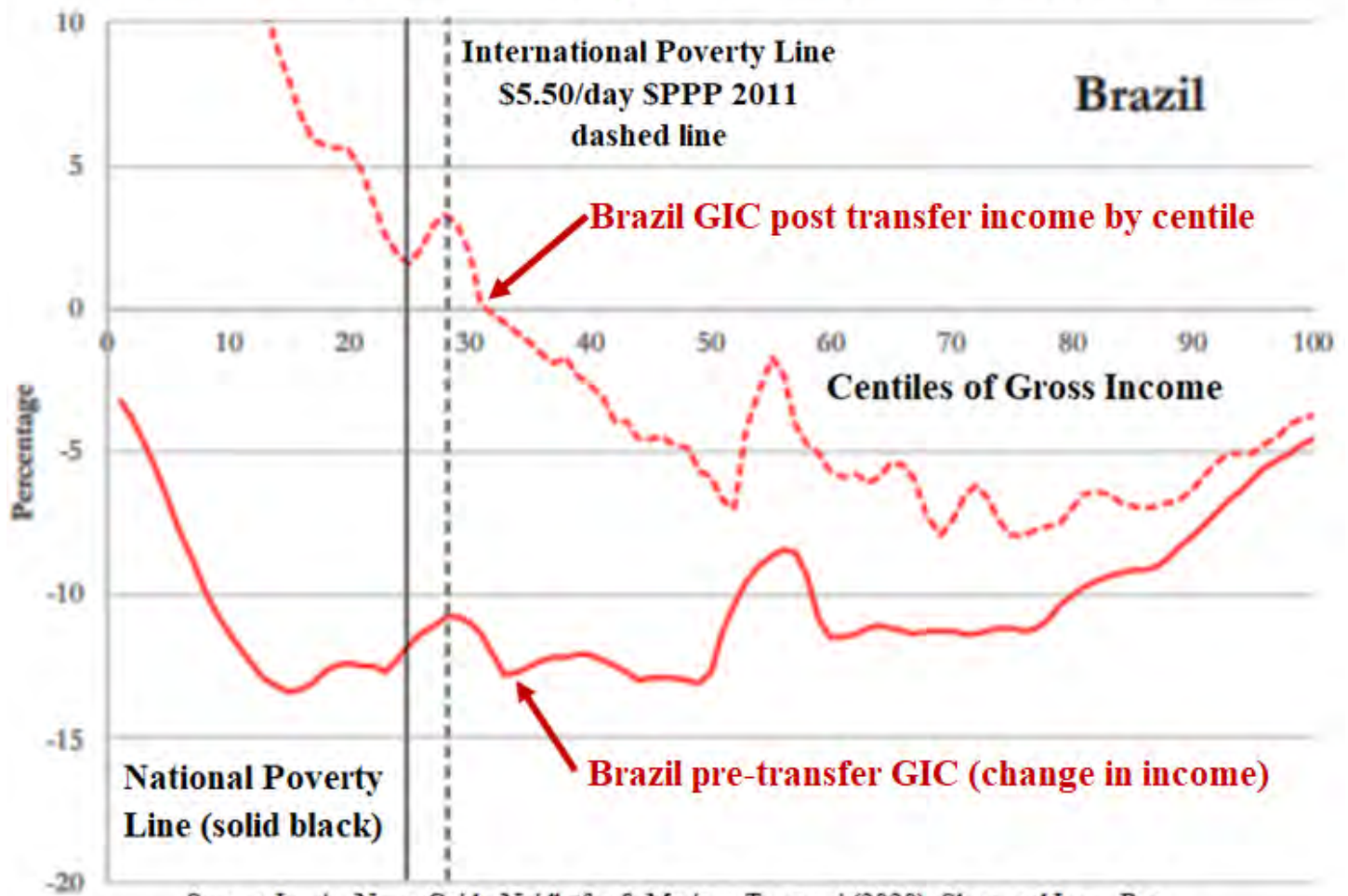
Our 2010 Final exam (middle of the GFC crisis looks good) but we have these new questions FE-1 to FE-5 to address (see my email

Pre COVID-19 AbEconomics Readings (2014) [Milken Review on Japan, 2014](#) [Three Arrows of Abeconomics](#)
[The new IMF? \(whales?\)](#)

Spring 2021 Grading (preliminary, open for grading): Econ 3240: the Washington Center for Equitable Growth

1. Pass up to B+: midterm and final exam, weekly writing
2. Individual contribution ECON 5450 and ECON 3248: review a book or movie on immigration, focus on a country COVID crisis, or the lack of one. How have South Korea, Vietnam
3. ECON 3240 a group project with clearly defined contributions by each group member For example, one group could just look at the research contribution of the Biden Administration (Many from the Washington Center for Equitable Growth

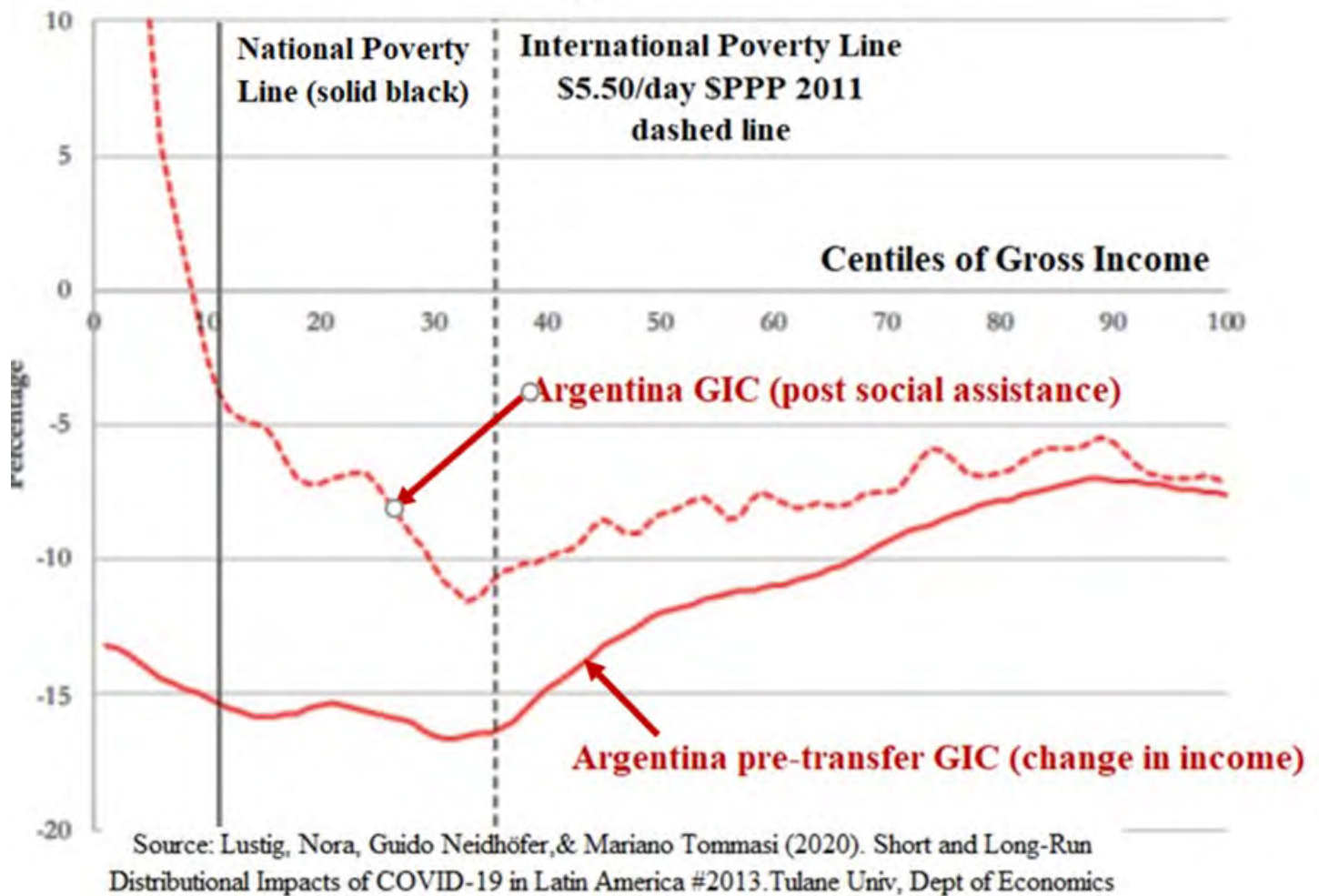
Brazil COVID Crisis Impact with and w/o Transfers



Source: Lustig, Nora, Guido Neidhöfer, & Mariano Tommasi (2020). Short and Long-Run Distributional Impacts of COVID-19 in Latin America #2013. Tulane Univ, Dept of Economics

Argentina COVID Crisis Impact with and w/o Transfers

Argentina



USD to NGN Chart

1 USD = 380.904 NGN Apr 8, 2021, 14:01 UTC

US Dollar to Nigerian Naira



www.gdsnet.org/Tirole2019Chapter11and12.pdf

<https://www.youtube.com/watch?v=abgVSUhTIdQ>

<https://atlas.cid.harvard.edu/countries/134/export-basket>
www.gdsnet.org/Tirole2019FrontMatterChapt1.pdf
https://gdsnet.org/ECON5450_OnGraduationHandout2020.pdf

STRUCTURAL TRANSFORMATION AND ECONOMIC GROWTH



Structural Transformation and Economic Growth (STEG) is a new research initiative that aims to provide a better understanding of structural change, productivity and growth in low- and middle-income countries. **STEG**'s research will help developing country governments, NGOs and the private sector to design and implement strategies, policies and programmes that better facilitate productivity gains, structural change, and both sustained and sustainable growth. **STEG** is a five-year programme of academic research budgeted at £12 million, with the potential for a follow-on programme that would cover an additional four years with a budget of £10 million. **STEG** is implemented by a consortium led by the **Centre for Economic Policy Research**, and including **Oxford University**, the **University of Notre Dame**, the **African Center for Economic Transformation**, the **Yale Research Initiative on Innovation and Scale**, and **Groningen Growth and Development Centre of the University of Groningen**.

[MIT Family Tree](#) [Krugman Mundell and the Euro](#)

[IMF Meetings Live events](#)

[FAO Food Insecurity](#) <http://www.fao.org/publications/sofi/en/>

MENA Povcalnet <https://gdsnet.org/MENAPovcalNetApril2021.xlsx>

<https://www.youtube.com/watch?v=abgVSUhTIdQ>

<https://www.bu.edu/gdp/imf-covid-surveillance-monitor/>

<https://www.bu.edu/gdp/events/?eid=252262>



Also I tomorrow or Monday's lecture will focus on homelessness, if that is an area that interests you, it ties into your project but feel free to read any book that interests you.

Books that are too long (e.g. Piketty's Capital or Capital and Ideology) can be broken up or split between two students. Books that are too short (e.g. Naomi's Klein's Battle for Paradise--BFP) you can combine with similar books or press accounts... BFP is about the tech industry setting up shop in Puerto Rico which shares a currency & min wage with the U.S. and is being considered by some in Congress for statehood... The

Hi Gabriel, this is a good start but what I am really looking for is specific citations, author, date page or minute of it is videos, you address each question (perhaps correctly) but there is no evidence you did the reading or watch a video, the discussion of the CPI-U and the PCE for example is totally wrong, I am sure there is a St Luis Fed article discussing the PCE vs. the CPI-U I just typed PCE vs. the CPI-U into google and this article popped up, it better to read and quote the to just make up something w/o reading anything... read this and make it proper reference then do something similar for other questions resubmit and you grade will improve greatly, resubmit before new Monday if possible; Never ever use a file name with spaces, this file should be ECON3240YourNameMidtermResub.docx turn it in here and send it mcleodassign@gmail.com with ECON3240YourName and resubmit in the subject line....

what is your source for this discussion, be specific

there is a specific slide in the lecture notes which shows Asia's reversal of fortune look for it if you can't find it send me an email...

what is your source for these numbers, we both know the basic facts, what we need are specific citations.

Aisling

yes but very few Chinese are poor, that is your point, 1979 is when the Chinese economy took off but real progress had to wait for the 1990s. Reference the slide by figure or slide number

but very few Chinese are poor, that is your point, 1979 is when the Chinese economy took off but real progress had to wait

Good but cite a source or use a quote, the web page you are reading this from has a name use Word reference menu to create a reference and cite it. Click the ICP url and

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[Bhopal Disaster](#)