The Return Of Financial Repression Researchgate

How will China reform its economy as it aspires to become the next economic superpower? It ' s clear that China is the world ' s next economic superpower. But what isn ' t so clear is how China will get there by the middle of this century. It now faces tremendous challenges such as fostering innovation, dealing with ageing problem and coping with a less accommodative global environment. In this book, economists from China ' s leading university and America ' s best-known think tank offer in depth analyses of these challenges. Does China have enough talent and right policy and institutional mix to transit from input-driven to innovation-driven economy? What does ageing mean, in terms of labor supply, consumption demand and social welfare expenditure? Can China contain the environmental and climate change risks? How should the financial system be transformed in order to continuously support economic growth and keep financial risks under control? What fiscal reforms are required in order to balance between economic efficiency and social harmony? What roles should the state-owned enterprises play in the future Chinese economy? In addition, how will technological competition between the United States and China affect each country ' s development? Will the Chinese yuan emerge as a major reserve currency, and would this destabilize the international financial system? What will be China ' s role in the international economic institutions? And will the United States and other established powers accept a growing role for China and the rest of the developing world in the governance of global institutions such as the World Trade Organization and the International Monetary Fund, or will the world devolve into competing blocs? This book provides unique insights into independent analyses and policy recommendations by a group of top Chinese and American scholars. Whether China succeeds or fails in economic reform will have a large impact, not just on China ' s development, but also on stability and prosperity for the whole world.
Learn how to protect and grow your wealth with this commonsense guide to investing You manage your own money. You understand the basics of investing and diversifying your portfolio. Now it ' s time to invest like a pro for greater profits—with investment expert David Stein, host of the popular weekly podcast, " Money for the Rest of Us. " He ' s created a unique ten-question template that makes it easy for individual investors like you to: • Invest more confidently • Feel less overwhelmed • Build a stronger portfolio • Avoid costly mistakes • Plan and save for retirement Despite what many people believe, you don ' t need to be an expert to be a successful investor. With Stein as your personal money mentor, you ' ll learn how to make smarter, more informed decisions that can help reduce your risk and increase your gains by following a few simple rules for analyzing any investment. This is how the professionals grow their wealth and how you can, too. This is Money for the Rest of Us.

After 1688, Britain underwent a revolution in public finance, and the cost of borrowing declined sharply. Leading scholars have argued that easier credit for the government, made possible by better property-rights protection, lead to a rapid expansion of private credit. The Industrial Revolution, according to this view, is the result of the preceding revolution in public finance. In Prometheus Shackled, prominent economic historians Peter Temin and Hans-Joachim Voth examine this hypothesis using new, detailed archival data from 18th century banks. They conclude the opposite: the financial revolution led to an explosion of public debt, but it stifled private credit. This led to markedly slower growth in the English economy. Temin and Voth collected detailed data from several goldsmith banks: Child's, Gosling's, Freame and Gould, Hoare's, and Duncombe and Kent. The excellent records from Hoare's, founded by Sir Richard Hoare in 1672, offer particular insight. Numerous entrants into the banking business tried their hand at deposit-taking and lending in the early 17th century; few survived and fewer thrived. Hoare's and a small group of competitors did both. Temin and Voth chart the growth of the successful banks in the face of frequent wars and heavy-handed regulations. Their new data allows insights into the interaction between financial and economic development. Government regulations such as (a sharply lower) maximum interest rate caused severe misallocation of credit, and a misguided attempt to lighten the nation's debt burden led directly to the South Sea Bubble in 1720. Frequent wars caused banks to call in loans, resulting in a sharply slower economic growth rate. Based on detailed micro-data, the authors present conclusive evidence that wartime borrowing crowded out investment. Far from fostering economic development, England's financial revolution after 1688 did much to stifle it -- the Hanoverian "warfare state" was a key reason for slow growth during Britain's Industrial Revolution. Prometheus Shackled is a revealing new take on one of the most important periods of economic and financial development.

Economic analysis of the future of the international monetary system and the USD, and the rising importance of the RMB.

The return of financial repression

The Fragile Financial Foundation of China's Extraordinary Rise

Avoiding the Fall

Interest Rate Policies in Developing Countries

The Bank of England and the Government Debt

Stability and Growth in Emerging Markets

Africa's Middle-Class Motor finds growing evidence that a recent resurgence in the continent's economic well-being has staying power. In his overview article, Harvard professor Calestous Juma says the emphasis for too long has been on eradicating poverty through aid rather than promoting prosperity through improved infrastructure, education, entrepreneurship, and trade. That is now changing: there is a growing emphasis on policies that produce a middle class. The new African middle class may not have the buying power of a Western middle class but it demands enough goods and services to support stronger economic growth, which, as IMF African Department head Antoinette Sayeh points out, in turn helps the poorest members of society. Oxford University

economist Paul Collier discusses a crucial component of Africa's needed infrastructure: railways. It is a continent eminently suited to rail, development of which has been held back more by political than economic reasons. But even as sub-Saharan African thrives, its largest and most important economy, South Africa, has had an anemic performance in recent years. We also profile Ngozi Okonjo-Iweala, Nigeria's colorful economic czar. "Picture This" mines current trends to predict what Africa will look like a half century from now and "Data Spotlight" looks at increased regional trade in Africa. Elsewhere, Cornell Professor Eswar Prasad, examines a global role reversal in which emerging, not advanced, economies are displaying resilience in the face of the global economic crisis. The University of Queensland's John Quiggin, who wrote Zombie Economics, examines whether it makes sense in many cases to sell public enterprises. Economists Raghuram Rajan of the University of Chicago and Rodney Ramcharan of the U.S. Federal Reserve find clues to current asset booms and busts in the behavior of U.S. farmland prices a century ago.
Iran has received much attention from a geopolitical and regional standpoint, but its economic challenges have not attracted a similar degree of interest. with a population of 69 million, considerable hydrocarbon resources, a dynamic and entrepreneurial middle class, and a relatively well-educated labor force, Iran's economic potential is considerable. This volume takes stock of critical developments in the Iranian economy in recent years. the study reviews the key issues and policy responses, highlights the nature of the challenges ahead, and draws implications for the next phase of reforms. the authors conclude that major challenges remain, although significant advances have been made in recent years in opening up the economy to international trade and foreign direct investment, encouraging the private sector, removing exchange restrictions, reforming the tax system, and enhancing macroeconomic management.
During a financial crisis, a central bank temporarily subsidizes the interest rate so as to maintain borrowing at normal levels. Savers may search for yield and blow rational stochastic bubbles that generate a higher expected return than the policy rate before bursting at the end of monetary easing. Unlike standard rational bubbles, that are not monetary phenomena, these bubbles are "bad" in the sense that they crowd out investments that would otherwise generate a higher expected return than that on the bubbles.
High public debt often produces the drama of default and restructuring. But debt is also reduced through financial repression, a tax on bondholders and savers via negative or belowmarket real interest rates. After WWII, capital controls and regulatory restrictions created a captive audience for government debt, limiting tax-base erosion. Financial repression is most successful in liquidating debt when accompanied by inflation. For the

advanced economies, real interest rates were negative 1?2 of the time during 1945–1980. Average annual interest expense savings for a 12—country sample range from about 1 to 5 percent of GDP for the full 1945–1980 period. We suggest that, once again, financial repression may be part of the toolkit deployed to cope with the most recent surge in public debt in advanced economies.

A User's Guide to the Post-Finance Economy

Islamic Macroeconomics

China's Financial Markets

Rethinking Financial Deepening

A Decade of Debt

Goldsmith Banks and England's Financial Revolution after 1700

Financial repression (legal restrictions on interest rates, credit allocation, capital movements, and other financial operations) was widely used in the past but was largely abandoned in the liberalization wave of the 1990s, as widespread support for interventionist policies gave way to a renewed conception of government as an impartial referee. Financial repression has come back on the agenda with the surge in public debt in the wake of the Global Financial Crisis, and some countries have reintroduced administrative ceilings on interest rates. By distorting market incentives and signals, financial repression induces losses from inefficiency and rent-seeking that are not easily quantified. This study attempts to assess some of these losses by estimating the impact of financial repression on growth using an updated index of interest rate controls covering 90 countries over 45 years. The results suggest that financial repression poses a significant drag on growth, which could amount to 0.4-0.7 percentage points.

The global financial crisis experience shone a spotlight on the dangers of financial systems that have grown too big too fast. This note reexamines financial deepening, focusing on what emerging markets can learn from the advanced economy experience. It finds that gains for growth and stability from financial deepening remain large for most emerging markets, but there are limits on size and speed. When financial deepening outpaces the strength of the supervisory framework, it leads to excessive risk taking and instability. Encouragingly, the set of regulatory reforms that promote financial depth is essentially the same as those that contribute to greater stability. Better regulation—not necessarily more regulation—thus leads to greater possibilities both for development and stability.

World War I created a set of forces that affected the political arrangements and economies of all the countries involved. This period in global economic history between World War I and II offers rich material for studying international monetary and sovereign debt policies. Debt and Entanglements between the Wars focuses on the experiences of the United States, United Kingdom, four countries in the British Commonwealth (Australia, New Zealand, Canada, Newfoundland), France, Italy, Germany, and Japan, offering unique insights into how political and economic interests influenced alliances, defaults, and the unwinding of debts. The narratives presented show how the absence of effective international collaboration and resolution mechanisms inflicted damage on the global economy, with disastrous consequences.

How creditors came to wield unprecedented power over heavily indebted countries—and the dangers this poses to democracy The European debt crisis has rekindled long-standing debates about the power of finance and the fraught relationship between capitalism and democracy in a globalized world. Why Not Default? unravels a striking puzzle at the heart of these debates—why, despite frequent crises and the immense costs of repayment, do so many heavily indebted countries continue to service their international debts? In this compelling and incisive book, Jerome Roos provides a sweeping investigation of the political economy of sovereign debt and international crisis management. He takes readers from the rise of public borrowing in the Italian city-states to the gunboat diplomacy of the imperialist era and the wave of sovereign defaults during the Great Depression. He vividly describes the debt crises of developing countries in the 1980s and 1990s and sheds new light on the recent turmoil inside the Eurozone—including the dramatic capitulation of Greece's short-lived anti-austerity government to its European creditors in 2015. Drawing on in-depth case studies of contemporary debt crises in Mexico, Argentina, and Greece, Why Not Default? paints a disconcerting picture of the ascendancy of global finance. This important book shows how the profound transformation of the capitalist world economy over the past four decades has endowed private and official creditors with unprecedented structural power over heavily indebted borrowers, enabling them to impose painful austerity measures and enforce uninterrupted debt service during times of crisis—with devastating social consequences and far-reaching implications for democracy.

Eight Centuries of Financial Folly

Financial Restraint

Red Capitalism

Financial Repression and Laffer Curves

Fiscal Policy, Stabilization, and Growth in Developing Countries

Capital Market Structure and Barriers to Financial Liberalization

The days of rapid economic growth in China are over. Mounting debt and rising internal distortions mean that rebalancing is inevitable. Beijing has no choice but to take significant steps to restructure its economy. The only question is how to proceed. Michael Pettis debunks the lingering bullish expectations for China's economic rise and details Beijing's options. The urgent task of shifting toward greater domestic consumption will come with political costs, but Beijing must increase household income and reduce its reliance on investment to avoid a fall.

This paper quantitatively assesses the effects of inflation shocks on the public debt-to-GDP ratio in 19 advanced economies using simulation and estimation approaches. The simulations based on the debt dynamics equation and estimations of impulse responses by local projections both suggest that a 1 percentage point shock to inflation rate reduces the debt-to-GDP ratio by about 0.5 to 1 percentage points. The results also suggest that the impact is larger and more persistent when the debt maturity is longer, but the difference from the benchmark case is not significant. These results imply that modestly higher inflation, even if accompanied by some financial repression, could reduce public debt burden only marginally in many advanced economies.

The truth behind the rise of China and whether or not it will be able to maintain it How did China transform itself so quickly? In Red Capitalism: The Fragile Financial Foundation of China's Extraordinary Rise, Revised Edition Carl Walter and Fraser Howie go deep inside the Chinese financial machine to illuminate the social and political consequences of the unique business model that propelled China to economic powerhouse status, and question whether this rapid ascension really lives up to its reputation. All eyes are on China, but will it really surpass the U.S. as the world's premier global economy? Walter and Howie aren't so certain, and in this revised and updated edition of Red Capitalism they examine whether or not the 21st century really

will belong to China. The specter of a powerful China is haunting the U.S. and other countries suffering from economic decline and this book explores China's next move Packed with new statistics and stories based on recent developments, this new edition updates the outlook on China's future with the most cutting-edge information available Find out how China financed its current position of strength and whether it will be able to maintain its astonishing momentum Indispensable reading for anyone looking to understand the limits that China's past development decisions have imposed on its brilliant future, Red Capitalism is an essential resource for anyone considering China's business strategies in today's extremely challenging global economy.

Wall Street Journal Bestseller Valuable insights on monetary policies, their impact on your financial future, and how to protect against them Written by the New York Times bestselling author team of John Mauldin and Jonathan Tepper, Code Red spills the beans on the central banks in the U.S., U.K., E.U., and Japan and how they've rigged the game against the average saver and investor. More importantly, it shows you how to protect your hard-earned cash from the bankers' disastrous monetary policies and how to come out a winner in the irresponsible game of chicken they're playing with the global financial system. From quantitative easing to zero interest rate policies, ZIRP to the impending currency wars, runaway inflation to GDP targeting, authors Mauldin and Tepper achieve the impossible by not only explaining global monetary policy and its consequences in plain English, but also making it compelling reading. Outlines time-tested strategies for surviving and thriving in these tumultuous times Addresses how issues such as quantitative easing, financial repression, currency wars, bubble economies, and inflation impact our everyday lives as well as our financial future Written by a team of bestselling authors and experts in this dynamic field How did we get here and where are we headed? What can you do to insulate yourself against, and profit from, economic upheaval and secure your financial future? Find out in Code Red.

A Model for Efficient Government, Stability and Full Employment

One Currency, Two Markets

China 2049

China's Attempt to Internationalize the Renminbi

On the Liberalization of the Financial System and Efficiency of Capital Allocation Under Uncertainty

Islamic Republic of Iran

This paper uses a simple calibrated general equilibrium model to evaluate the revenue from financial repression and its impact on Laffer curves for consumption, capital and labor taxes. By imposing a requirement for households to hold public debt with a below-market rate of return the government distorts optimal household allocation and raises extra revenues. Tighter financial repression shifts Laffer curves for labor and consumption down, but increases revenue from capital income taxation. Total budget revenue increases, which allow financing more public goods and can be welfare-improving.

This book offers a specialized and revealing study of the Bank of England's gilt-edged market operations during the mid-twentieth century.

"I would sleep better if I knew that Bernanke, Geithner, Bachus, Sen. Tim Johnson, Obama and Romney all kept dog-eared copies of Kevin Mellyn's Broken Markets on their nightstands. . . . Mellyn's work is a fascinating, important, and eminently good read and should inform the debate on overhauling the U.S. and global financial regulatory systems and sustainable macro fiscal and monetary policy." --Eric Grover, in his review of Broken Markets in The American Banker Broken Markets allows the intelligent non-specialist to understand and navigate the ongoing worldwide aftermath of the 2008 financial market meltdown. The key theme of the book is how the leading financial institutions and the political leadership of the U.S. and European Union have failed us and set the stage for continued market turmoil. It explains what this means for investors, borrowers, society in general, and the financial-services industry. Former banker Kevin Mellyn focuses on providing readers with clear and simple explanations of the forces at work and the potential consequences for their future prosperity. As this book makes clear, what’s coming is a world in which high structural unemployment and flat or declining real income is likely—not to mention a diminished retirement financial safety net. The book therefore provides actionable information for protecting wealth and making prudent investment decisions in an economy that is nothing like the one that has sustained us for decades. As a forward-looking narrative about rapidly changing events and volatile markets and politics, Broken Markets will provide no single prediction about the future but rather describe alternative scenarios and provide the reader with signposts to watch out for in deciding which reality is actually unfolding. Unlike most books written by journalists on global finance, the scenarios and signposts described will be largely based on the lessons of financial and political history rather than breaking news. This book: Tells you in plain language how today’s financial system threatens your livelihood and wealth Tells you why and how governments worldwide, with some notable exceptions, are taking actions likely to make things worse instead of better Explains how the leading financial institutions lost their way during the bubble years and how they can find the path back to prosperity and value to society Tells you what life will be like in a “post-finance” economy and how you can protect your wealth

This book presents evidence that public debts in the advanced economies have surged in recent years to levels not recorded since the end of World War II, surpassing the heights reached during the First World War and the Great Depression. At the same time, private debt levels, particularly those of financial institutions and households, are in uncharted territory and are (in varying degrees) a contingent liability of the public sector in many countries. Historically, high leverage episodes have been associated with slower economic growth and a higher incidence of default or, more generally, restructuring of public and private debts. A more subtle form of debt restructuring in the guise of "financial repression" (which had its heyday during the tightly regulated Bretton Woods system) also importantly facilitated sharper and more rapid debt reduction than would have otherwise been the case from the late 1940s to the 1970s. It is conjectured here that the pressing needs of governments to reduce debt rollover risks and curb rising interest expenditures in light of the substantial debt overhang (combined with the widespread "official aversion" to explicit restructuring) are leading to a revival of financial repression-including more directed lending to government by captive domestic audiences (such as pension funds), explicit or implicit caps on interest rates, and tighter regulation on cross-border capital movements.

Towards a New Paradigm

The Role of Government in East Asian Economic Development

Economic Challenges of a Rising Global Power

Financial and Sovereign Debt Crises: Some Lessons Learned and Those Forgotten

Debt and Entanglements Between the Wars

The return of financial repressionThe Return of Financial RepressionThe Liquidation of Government DebtInternational Monetary Fund

The role of government in East Asian economic development has been a continuous issue. Two competing views have shaped enquiries into the source of the rapid growth high-performing Asian economies and attempts to derive a general lesson for other developing economies: the market-friendly view, according to which government intervenes little in the market, and the developmental state view, in which it governs the market. What these views share in common is a conception of market and government as alternative mechanisms for resource allocation. They are distinct only in their judgement of the extent to which market failures have been, and ought to be, remedied by direct government intervention. This collection of essays suggests a breakthrough, third view: the market-enhancing view. Instead of viewing government and the market as mutually exclusive substitutes, it examines the capacity of government policy to facilitate or complement private sector co-ordination. The book starts from the premise that private sector institutions have important comparative advantages over government, in particular in their ability to process information available on site. At the same time, it recognizes that the capabilities of the private sector are more limited in developing economies. The market-enhancing view thus stresses the mechanisms whereby government policy is directed at improving the ability of the private sector to solve co-ordination problems and overcome other market imperfections. In presenting the market-enhancing view, the book recognizes the wide diversity of the roles of government across various East Asian economies-including Japan, Korea, Hong Kong, Malaysia, and China-and its path-dependant and developmental stage nature.

This book provides an overview of China’s financial markets and their latest developments. The book explores and discusses the difficulties in building modern financial markets that are compatible with an increasingly complicated market economy and examines the various strategies to reform China's financial system. It covers a range of topics: China's financial structure, financial regulation, financial repression and liberalization, monetary policy and the People's Bank of China, banking reforms, exchange rate policy, capital control and capital-account liberalization, and development of the stock markets. The book provides a basic understanding of the current issues related to the development of China's financial markets. It enhances knowledge of China's regulatory framework which has helped to shape China's financial landscape. It provides specific, useful knowledge about investment in China, such as, market sense, to identify the investment opportunities in various asset classes.

Financial Crises: Causes, Consequences, and Policy Responses provides a comprehensive overview of research into financial crises and policy lessons learned. The book covers a wide range of crises, including banking, balance of payments, and sovereign debt crises. It begins with an overview of the various types of crises and introduces a comprehensive database of crises. Broad lessons on crisis prevention and management, as well as the short-term economic effects of crises, recessions, and recoveries are discussed. The medium-term effects of financial crises on economic growth, as well as policy measures to prevent booms, mitigate busts, and avoid crises are analyzed. Finally, policy measures for mitigating the adverse impact of crises and ways to restructure banks, households, and sovereigns are presented. The collection of research in this book provides an excellent overview of critical policy areas, with valuable lessons on how countries can better monitor their economies and financial systems.

Islamic Finance and the New Financial System

China's Economic Restructuring

Controlling Credit

Financial Repression and Financial Reform in Uganda

Finance & Development, December 2011

Broken Markets

Monnet analyzes monetary and central bank policy during the mid-twentieth century through close examination of the Banque de France.

Even after one of the most severe multi-year crises on record in the advanced economies, the received wisdom in policy circles clings to the notion that high-income countries are completely different from their emerging market counterparts. The current phase of the official policy approach is predicated on the assumption that debt sustainability can be achieved through a mix of austerity, forbearance and growth. The claim is that advanced countries do not need to resort to the standard toolkit of emerging markets, including debt restructurings and conversions, higher inflation, capital controls and other forms of financial repression. As we document, this claim is at odds with the historical track record of most advanced economies, where debt restructuring or conversions, financial Repression, and a tolerance for higher inflation, or a combination of these were an integral part of the resolution of significant past debt overhangs.

Contrary to the traditional assumption of interest rates on government debt exceeding economic growth, negative interest-growth differentials have become prevalent since the global financial crisis. As these differentials are a key determinant of public debt dynamics, can we sleep more soundly, despite high government debts? Our paper undertakes an empirical analysis of interestgrowth differentials, using the largest historical database on average effective government borrowing costs for 55 countries over up to 200 years. We document that negative differentials have occurred more often than not, in both advanced and emerging economies, and have often persisted for long historical stretches. Moreover, differentials are no higher prior to sovereign defaults than in normal times. Marginal (rather than average) government borrowing costs often rise abruptly and sharply, but just prior to default. Based on these results, our answer is: not really.

Examines financial crises of the past and discusses similarities between these events and the current crisis, presenting and comparing historical patterns in bank failures, inflation, debt, currency, housing, employment, and government spending.

Operations in the Gilt-Edged Market, 1928–1972

The Political Economy of Sovereign Debt

Comparative Institutional Analysis

Inflation and Public Debt Reversals in Advanced Economies

This Time Is Different

Issues and Opportunities

Can Islamic finance save the global system? Islamic Finance and the New Financial System describeshow the adoption of Islamic finance principles in future regulatorydecisions could help prevent future shocks in the global financialsystem. Using illustrations and examples to highlight key points inrecent history, this book discusses the causes of financial crises,why they are becoming more frequent and increasingly severe, andhow the new financial system will incorporate elements of Islamicfinance – whether deliberately or not. With an introspectivelook at the system and an examination of the misconceptions anddeficiencies in theory vs. practice, readers will learn why Islamicfinance has not been as influential as it should be on the largerglobal system. Solutions to these crises are thoroughly detailed,and the author puts forth a compelling argument about what can beexpected in the future. Despite international intervention and global policy changes,the financial system remains in a fragile state. There is anargument to be made about integrating Islamic finance into the newsystem to facilitate stronger resilience, and this book explainsthe nuts and bolts of the idea while providing the reader with ageneral understanding of Islamic finance. Understand the key principles of Islamic finance Examine the history of the current financial system Discover how Islamic finance can help build a new debt-freeeconomy Learn how Islamic finance theory doesn't always dictatepractice Although Islamic finance is a growing market, it is still aforeign concept to many. Those within the Islamic finance circleswonder why the system has yet to gain broader appeal despite itsability to create a strong and well-balanced economy. IslamicFinance and the New Financial System provides clever analysisand historical background to put the issues into perspective.

This paper reviews empirical and theoretical work on the links between banks and their

governments (the bank-sovereign nexus). How significant is this nexus? What do we know about it? To what extent is it a source of concern? What is the role of policy intervention? The paper concludes with a review of recent policy proposals.

Islamic Macroeconomics proposes an Islamic model that offers significant prospects for economic growth and durable macroeconomic stability, and which is immune to the defects of the economic models prevailing both in developed and developing countries. An Islamic model advocates a limited government confined to its natural duties of defence, justice, education, health, infrastructure, regulation, and welfare of the vulnerable population. It prohibits interest-based debt and money, and requires full liberalization of all markets including labor, financial, commodity, trade, and foreign exchange markets. The government should be Sharia-compliant in its taxation power and regulatory intervention; it ought to reduce unproductive spending in favor of productive spending. This book is essential reading for students and academics of Islamic economics and finance, economists, practitioners, and researchers.

In recent years, the appropriate level and structure of interest tates have come to be seen as major issues in connection with stabilization programs undertaken by members. These issues arise from consideration both on the demand side, as interest rates affect the magnitude of aggregate demand, and on the supply side, as they influence the volume and quality of investment and, thus, the growth of output.

Money and Capital in Economic Development
Prometheus Shackled
Managing the Sovereign-Bank Nexus
How to Protect Your Savings From the Coming Crisis
Why Not Default?
Managing the Transition to a Market Economy

This books presents a theory of economic development very different from the "stages of growth" hypothesis or strategies emphasizing foreign aid, trade, or regional association. Leaving these aside, the author breaks new ground by focusing on the use of domestic capital markets to stimulate economic performance. He suggests a "bootstrap" approach in which successful development would depend largely on policy choices made by national authorities in the developing countries themselves. Central to his theory is the freeing of domestic financial markets to allow interest rates to reflect the true scarcity of capital in a developing economy. His analysis leads to a critique of prevailing monetary theory and to a new view of the relation between money and physical capital—a view with policy implications for governments striving to overcome the vicious circle of inflation and stagnation. Examining the performance of South Korea, Taiwan, Brazil, and other countries, the author suggests that their success or failure has depended primarily on steps taken in the monetary sector. He concludes that monetary reform should take precedence over other development measures, such as tariff and tax reform or the encouragement of foreign capital investment. In addition to challenging much of the *conventional wisdom of development, the author's revision of accepted monetary theory may be relevant for mature economies that face monetary problems.*

Edited by Mario I. Blejer and Ke-young Chu, this book investigates linkages among components of the public sector, as well as between macro and micro aspects of fiscal policy, in developing countries. It presents 13 papers prepared by economists of the IMF's Fiscal Affairs Department.

Financial Repression is Knocking at the Door, Again

r minus g negative: Can We Sleep More Soundly?

The Return of Financial Repression

An Ethical Approach to Preventing Future Financial Crises

The Liquidation of Government Debt

Lessons of the Korea Housing Market