

Crisis And Dollarization In Ecuador Stability Growth And Social Equity Directions In Development

This edited volume concerns childhood throughout South America after the 1990s, a period and territory of special complexity marked by the beginning—or intensification of—political neoliberalisation throughout the region. The decade also saw the ratification of the International Convention on Rights of the Child and post-dictatorial processes of political and social democratisation. The editors of this book explore the tension this juxtaposition has generated between logics and processes of dissimilar orientations. Within this framework, chapters investigate the neoliberalisation and institutionalisation of children’s rights and consider similarities and differences with respect to other regions. They also explore changes in schools and educational systems, as well as the phenomenon of the internal and external child and family migration.

In 2000 Ecuador announced that it would dollarize fully, in response to an unprecedented crisis encompassing recession, widespread bank failures, and incipient hyperinflation. The crisis had intensified since early 1996, when a combination of external and climatic shocks set it off. The economy’s partial dollarization made the crisis far worse than it would otherwise have been. The move to full dollarization is perhaps best understood as a structural reform to end an unstable dual-currency system. Over the 1980s and 1990s, GDP growth had stagnated on account of oil-export price volatility and natural disasters; the sacrifice of capital formation to heavy external public debt service; and incomplete, uneven structural reform. The exchange rate depreciation that proved continually necessary to sustain the net-export surplus and limit external debt accumulation induced Ecuadorians to dollarize spontaneously.The 1998 shocks affected real economic activity-hence bank loan portfolios, and widened the fiscal and current account deficits. The external imbalance led to exchange rate depreciation. Dollar-denominated bank loans whose borrowers lacked dollar income increasingly turned non-performing. At the same time, the depreciation swelled the local currency value of dollar deposit liabilities. Many depositors, fearing that banks had become unsafe, withdrew, and over 1999 the Central Bank had to provide banks massive liquidity support. By year’s end the resulting monetary issue led to the exchange rate collapse and incipient hyperinflation that forced the move to full dollarization.Ecuador’s Central Bank will continue operating, using its foreign exchange holdings to carry out limited liquidity management and lender-of-last-resort activities. Ecuador’s public accounts and banking system remain vulnerable to commodity-price and natural shocks. Exchange rate adjustment and monetary expansion are no longer available, however, to manage the external accounts, accommodate the public deficit, or assist failing banks. Further structural reform remains essential to assure fiscal discipline and banking system safety.This paper - a product of the Economic Policy Sector Unit, Latin America and the Caribbean Region - is part of a larger effort in the region to understand the sources of macroeconomic instability and the implications of currency board arrangements and dollarization.

“Why did the Eurozone end up with an unemployment rate more than twice that of the United States and six years after the collapse of Lehman Brothers? Was crisis in the Eurozone inevitable? What caused the prolonged economic failure experienced by the majority of the world’s low- and middle-income countries at the end of the 20th century? Failed analyzes and ties together some of the most important economic developments of recent years with the common theme that they have been widely misunderstood and in some cases almost completely ignored. A central argument of Failed is that there are always viable alternatives to prolonged economic failure. Author Mark Weisbrost shows that political agendas are often the root cause of avoidable financial crises and drawing on lessons learned from previous crises, recessions, and subsequent recoveries can prevent further failures in the future”-- This publication explores current development challenges facing Ecuador and examines policy options available, under three key themes of fiscal consolidation and economic growth, promoting sustainable and equitable social development and governance and anti-corruption issues.

Gendered Paradoxes

Global Economic Prospects, June 2021

Nature, Rent, and the State

Monetary Policy in Dollarized Economies

Dollarization and Trade Through the Lens of History

A Mandate to Grow

Latin American and Caribbean Macroeconomic Report

Crisis and Dollarization in EcuadorStability, Growth, and Social EquityWorld Bank Publications

This is the United Nations definitive report on the state of the world economy, providing global and regional economic outlook for 2020 and 2021. Produced by the Department of Economic and Social Affairs, the five United Nations regional commissions, the United Nations Conference on Trade and Development, with contributions from the UN World Tourism Organization and other intergovernmental agencies.

This paper studies the question of how to achieve monetary policy credibility and price stability after a financial crisis. We draw stylized facts and conclusions from ten recent cases: Brazil (1999); Bulgaria (1997); Ecuador (2000); Indonesia (1997); Korea (1997); Malaysia (1997); Mexico (1994), Russia (1998); Thailand (1997); and Turkey (2001). Among our conclusions, highlights include: (i) monetary policy alone cannot stabilize; (ii) floats bring nominal stability quickly in countries with low pre-crisis inflation and hard pegs have been at least narrowly successful for countries in deeper disarray; (iii) in floats, early and determined tightening brings nominal stability and does not appear more costly for output; (iv) monetary aggregate targeting rarely serves as a coherent framework for floats; informal or full-fledged inflation targeting offers more promise.

By focusing on a half-century of recent Latin American economic history, this book presents a multidisciplinary approach to examining the relentless pursuit of development in the Global South and aims to revitalise the academic debate on whether having abundant natural resources is a blessing or a curse. Its pioneering diachronic comparative approach of analysing two Ecuadorian oil booms, those in 1972-1980 and 2003-2014, reveals processes of continuity and change in the capacity of this peripheral state to intervene in its national development process and the consequences of this on its social formation, framed by the contemporary trends of global capitalism and the irruption of environmental thinking into development policymaking.

Implications for Central Banks of the Development of Electronic Money

South American Childhoods

Institutional Weaknesses, Fiscal Rigidities, and Financial Dollarization at Work

Monetary Unions and Hard Pegs

World Economic Situation and Prospects 2020

Argentine Convertibility

This paper stresses three factors that amplified the 1990s financial crisis in Ecuador, namely institutional weaknesses, rigidities in public finances, and high financial dollarization. Institutional factors restricted the government’s ability to respond in a timely manner and efficiently enough to prevent the escalation of the banking crisis and spurred the adoption of suboptimal policy decisions. Public finance rigidities limited the government’s capacity to correct existing imbalances and the deteriorating fiscal stance associated with the costs of the financial crisis. Financial dollarization increasingly reduced the effectiveness of financial safety nets, fostered foreign currency demand, and accelerated a currency crisis, thereby further worsening the rigidity of banks. These three factors reinforced each other, exacerbating costs as the economy went through a triple banking, currency, and fiscal crisis.

Dollarization - the holding by residents of their assets in foreign-currency-denominated assets - is a common feature of developing and transition economies, and therefore typical of many countries with IMF - supported adjustment programs. This paper analyzes policy issues that arise-and various monetary strategies that may be pursued- when the monetary sector is dollarized, and it considers the implications that dollarization has for the design of IMF programs.

Analyzes the costs and benefits of full dollarization, or the adoption by one country of another country’s currency. Potential advantages include lower borrowing costs and deeper integration into world markets. But countries lose the ability to devalue, and become dependent on the U.S. Compares with currency board option.

This paper makes a comparison between official dollarization and the classic gold standard by studying the effects of both on trade. Under this scheme, I have been able to assess the cases of Ecuador and El Salvador: two contemporary examples of official dollarization. In the case of Ecuador, it happened in 2000 after a financial crisis and for El Salvador it occurred when the country was under stable macroeconomic conditions in 2001. One of the benefits of the classic gold standard was its effects on trade, the same happening with official dollarization. Through a synthetic control analysis, I show the benefits of official dollarization in trade under the common currency framework. Results for Ecuador show that official dollarization has increase bilateral trade with the US by 43% over 14 years. Results for El Salvador show an increase of bilateral trade with the US of 76% over 13 years. What drives this difference? During the classic gold standard period (1870-1914) different monetary unions were formed having diverse effects on trade. One reason for this may be business cycle coordination among members while another could be structural reforms prior to adopting the system along with institutions, these lessons may be extrapolated to dollarization.

Good Or Bad?

Selected Issues

Dollarization and Semi-Dollarization in Ecuador

An Economic and Social Agenda in the New Millennium

Is it a Relevant Precedent for the Dollarization Process in Ecuador?

Crisis and Dollarization in Ecuador

Dollarization of the Banking System

divAs trade flows expanded and trade agreements proliferated after World War II, governments—most notably the United States—came increasingly to use their power over imports and exports to influence the behavior of other countries. But trade is not the only way in which nations interact economically. Over the past two decades, another form of economic exchange has risen to a level of vastly greater significance and political concern: the purchase and sale of financial assets across borders. Nearly \$2 trillion worth of currency now moves cross-border roughly 90 percent of which is accounted for by financial flows unrelated to trade in goods and services—a stunning inversion of the figures in 1970. The time is ripe to ask fundamental questions about what Benn Steil and Robert Litan have coined as “financial statecraft,” or those aspects of economic statecraft directed at influencing international capital flows. How precisely has the American government practiced financial statecraft? How effective have these efforts been? And how can they be made more effective? The authors provide penetrating and in-depth answers in this timely and stimulating book. /DIV

Most of the analysis of Latin American exchange rate problems and policies has concentrated on the economic side of things. This volume instead examines the politics of exchange rate management in four nations that had very different approaches and results. Although the Mexican peso crash, Brazil’s currency crisis, Argentina’s maintenance of a currency board, and Venezuelan policy responses to the shocks of 1997-98 have had major international financial ramifications, the origins and outcomes of these dramatic events have yet to be analyzed in a single volume. The contributors tie these policy episodes together using solid comparative analysis, in order to better inform the policy debate on these issues.

Analyzing the experience of Mexico under the North American Free Trade Agreement (NAFTA), Lessons from NAFTA aims to provide guidance to Latin American and Caribbean countries considering free trade agreements with the United States. The authors conclude that the treaty raised external trade and foreign investment inflows and had a modest effect on Mexico’s average income per person. It is likely that the treaty also helped achieve a modest reduction in poverty and an improvement in job quality. This book will be of interest to scholars and policymakers interested in international trade and development.

This publication reviews Ecuador’s fiscal management and public expenditure policies in the context of its development and poverty reduction goals. Findings include that the country’s impressive fiscal performance of 2003 is encouraging but fragile, as several structural bottlenecks could impede fiscal discipline and recovery. Reversing poverty trends is critical for the country’s stability, and this can only be achieved with well-targeted, effective and efficient pro-poor programmes.

The Dynamics of Non-Performing Loans during Banking Crises: A New Database

Keep Calm and Love Cats

What the “experts” Got Wrong about the Global Economy

Causes and Policy Implications

The Political Economy of the Andean Region

The Pros and Cons

Power and Impotence

Central bank policy suffers from time-inconsistency when facing a banking crisis: A bailout is optimal ex post but ex ante it should be limited to control moral hazard. Dollarization provides a credible commitment not to help at the cost of not helping even when it would be ex ante optimal to do so. Dollarization is preferable when the costs of establishing a reputation for the central bank are high, monitoring effort by the banker is important in improving returns, and when the cost of liquidating projects is moderate. A very severe moral hazard problem could make dollarization undesirable, however.

The results obtained are applied to assess the desirability of dollarization in a range of countries and the potential role of the IMF as International LOLR.

This Cat Quote Journal / Notebook makes the IDEAL appreciation gift for any family members or friends. This Cat notebook features 110 blank pages and is 6 x 9 inches in size.

This Selected Issues paper analyzes economic performance of Ecuador under dollarization. The paper reviews the principal trade-offs normally associated with official dollarization, and their specific relevance to Ecuador. It discusses Ecuador’s performance under the dollarization regime, highlighting the country’s main achievements and challenges in the macroeconomic and structural areas. The paper draws some conclusions and discusses what dollarization implies for Ecuador’s reform agenda in the future. The paper also assesses sustainability of Ecuador’s fiscal policy and explores criteria that could guide the setting of fiscal policy in the future.

Fabio Luis Barbosa dos Santos delves into the history of South America to understand the rise and fall of the so-called ‘progressive governments’. Fabio Luis Barbosa dos Santos mergulha na história da América do Sul para compreender a ascensão e queda dos chamados ‘governos progressistas’.

Ecuador--getting Ahead of the Game

Distributional Effects of Crises

Stability, Growth, and Social Equity

Creating Fiscal Space for Poverty Reduction in Ecuador

A History of South America under Progressivism (1998–2016)

Lessons from NAFTA

The Role of Financial Markets in American Foreign Policy

Theoretical and empirical analysis of de jure dollarization.

This book takes a global approach to one of today’s most controversial topics in business: Dollarization. With the collapse of the former Soviet Union, and the formation of the Euro in Europe, many countries are debating whether or not a common currency is in their best interest. This intriguing volume brings together the leading participants in the current dollarization debates.

Latin America has had a great deal of experience with anti-inflationary policies based on different types of exchange-rate ‘anchors’. However, the Argentine convertibility as well as dollarization in Ecuador go further in this direction, adopting a very strict monetary rule in the first case and giving up the emission of its own currency in the second. This publication identifies the effects that the convertibility system has had on the Argentine economy and on the functioning of the banking system. It also evaluates the extent to which the Argentine experience is relevant to the Ecuadorian dollarization process.

This paper stresses three factors that amplified the 1990s financial crisis in Ecuador, namely institutional weaknesses, rigidities in public finances, and high financial dollarization. Institutional factors restricted the government’s ability to respond in a timely manner and efficiently enough to prevent the escalation of the banking crisis and spurred the adoption of suboptimal policy decisions. Public finance rigidities limited the government’s capacity to correct existing imbalances and the deteriorating fiscal stance associated with the costs of the financial crisis. Financial dollarization increasingly reduced the effectiveness of financial safety nets, fostered foreign currency demand, and accelerated a currency crisis, thereby further worsening the rigidity of banks. These three factors reinforced each other, exacerbating costs as the economy went through a triple banking, currency, and fiscal crisis.

Ecuador

The Dollarization Debate

A Review of Recent Experience

Dollarization

Failed

Re-Establishing Credible Nominal Anchors After a Financial Crisis

The Late 1990s Financial Crisis in Ecuador

Since the early 1980s Ecuador has experienced a series of events unparalleled in its history. Its “free market” strategies exacerbated the debt crisis, and in response new forms of social movement organizing arose among the country’s poor, including women’s groups. Gendered Paradoxes focuses on women’s participation in the political and economic restructuring process of the past twenty-five years, showing how in their daily struggle for survival Ecuadorian women have both reinforced and embraced the neoliberal model yet also challenged its exclusionary nature. Drawing on her extensive ethnographic fieldwork and employing an approach combining political economy and cultural politics, Amy Lind charts the growth of several strands of women’s activism and identifies how they have helped redefine, often in contradictory ways, the real and imagined boundaries of neoliberal development discourse and practice. In her analysis of this ambivalent and “unfinished” cultural project of modernity in the Andes, she examines state policies and their effects on women of various social sectors; women’s community development initiatives and responses to the debt crisis; and the roles played by feminist “issue networks” in reshaping national and international policy agendas in Ecuador and in developing a transnationally influenced, locally based feminist movement.

Financial crises are dramatic events. When they emerge, they tend to dominate the attention of the press and become the focus of policymakers. In one form or another, they have affected the lives of millions of people throughout the world. As references to 16th century Dutch tulips, 18th South Seas merchant ventures, or 1920s Florida real estate make clear, they have been around for a long time. At their worst, such as in the cases of the Great Depression or the current Great Recession, their effects have been felt worldwide, with the number of people affected counted into the billions. They have at times changed the course of history. This book analyses ten of the most important financial crises of the last thirty years. The specific crises covered in the book are the 1982 Chilean crisis, the 1992 ERM crisis, the 1994 Mexican crisis, the 1997 Asian crisis, the 1998 Russian crisis, the 1999 Brazilian crisis, the 1999 Ecuadorian crisis, the 2000 Turkish crisis, the 2002 Argentine crisis, and the 2008 crisis in Iceland. The set includes the most important emerging-market crises of the last three decades as well as two particularly informative advanced-country crises, the ERM crisis of 1992 and the Icelandic crisis of 2008. A separate chapter is devoted to each crisis, and a brief concluding chapter sums up some of the key lessons that I believe that we can draw from these events.

Political Crises, Social Conflict and Economic Development is a rare attempt to undertake comparative political economy analysis of the Andean region and thus represents a welcome contribution. . . . It is clearly written and will engage scholars interested in Latin America from a wide range of disciplines. Jonathan di John, Journal of Agrarian Change This collection of essays on the political economy of the Andean region goes to the heart of the struggle these smaller economies face in completing crucial reforms and achieving higher growth. Andrés Solimano has brought together the best and the brightest talent from each country, the result being the most compelling analysis ever of how enclave development and a historical dependence on primary exports renders these countries distinctly Andean. As the essays argue, the political solutions and economic remedies must address this phenomenon, rather than mimicking those strategies of the larger emerging market countries in the region. Carol Wise, University of Southern California, US The contributors to this authoritative volume analyze the impact of political crises and social conflict on economic performance in the Andean region of Latin America. The blend of theory and case studies is also relevant for understanding other complex societies in the developing world and transition economies. The book provides illuminating insights on how to understand, and survive, the complicated interactions between volatile politics, unstable democracies, violence, social inequality and uneven economic performance. Recent political economy theories are combined with valuable quantitative and qualitative information on presidential crises, breakdowns of democracy, constitutional reforms, quality of institutions, and social inequality and exclusion to understand actual country realities. Part I provides the conceptual framework and a regional perspective of the book. Part II contains five political economy country studies Bolivia, Colombia, Ecuador, Peru and Venezuela written by leading scholars in the field and former senior policymakers, including a former President. Together, the chapters highlight the detrimental effects of political instability and social conflict on economic growth and stability, as well as the feedback effects from poor economic performance on political instability and institutional fragility. The country studies warn that narrow economic reforms that do not pay adequate attention to politics, institutions and social structures are bound to fail in bringing lasting prosperity and stability to complex societies. Examining new and rich information on episodes of political turmoil, military interventions, forced presidential resignations, constitutional reforms and social uprisings, this book will be required reading for all those interested in the interface of politics and economic development.

The 2018 Macroeconomic Report, A Mandate to Grow, revisits the growth debate that has been raging in the region for the past half century. Viewing the debate from this long-term perspective allows for a focus on the structural factors that have prevented Latin America and the Caribbean from reaching the growth potential required to keep pace with faster growing regions and to fulfill the aspirations of its population.

For Latin America and the Caribbean

The Ecuadorian Oil Era

Ten Crises

A Fiscal Management and Public Expenditure Review

Dollarization in Cambodia

The Late 1990s Financial Crisis in Ecuador

The Role of Financial Transfers

Over the past decade, Cambodia has become Asia’s most dollarized economy. In contrast, dollarization in neighboring Lao P.D.R., Mongolia, and Vietnam has been either declining or broadly stable. Somewhat paradoxically, growing dollarization in Cambodia has occurred against the backdrop of greater macroeconomic and political stability. The usual motive, currency substitution, does not appear to have been a factor. As the volume of dollars increased over the years, so has the volume of receipts, foreign direct investment, and aid, has benefitted the dollar based urban economy. The riel based rural economy has, however, lagged behind. Given international experience in de-dollarization, a carefully managed market based strategy, supported by a continued stable macroeconomic environment is essential for Cambodia’s de-dollarization.

Asian economies strengthened their monetary and currency management after the Asian financial crisis of 1997/1998, and came through the global financial crisis of 2007/2009 relatively well. Nevertheless, the recent global crisis has presented new challenges. This book develops recommendations for monetary and currency policy in Asian economies aimed at promoting macroeconomic and financial stability in an environment of global economic shocks and volatile capital flows. More broadly, macroeconomic policy recommendations aimed at minimizing the impacts of an economic and financial downturn, and setting the stage for an early return to sustainable growth. The focus is on short-term measures related to the cycle. The three main areas addressed are: monetary policy measures, both conventional and unconventional, to achieve both macroeconomic and financial stability; exchange rate policy and foreign exchange reserve management, including the potential for monetary financing; and the role of the central bank. The book also examines the implications of the crisis for monetary and currency policy in emerging market economies, especially in Asia. Presenting a broad menu of policy options for financial reform and regulation, the book will be of great interest to financial experts and policymakers.

Over the 1980s and 1990s, GDP growth had stagnated because of oil export price volatility and natural disasters; the sacrifice of capital formation to heavy external public debt service; and incomplete and uneven structural reform. The exchange rate depreciation that proved continually necessary to sustain the net-export surplus and limit external debt accumulation induced Ecuadorians to dollarize spontaneously. The 1998 shocks affected real economic activity—hence bank loan portfolios, and widened the fiscal and current account deficits. The external imbalance led to exchange rate depreciation. Dollar-denominated bank loans whose borrowers lacked dollar income increasingly turned non-performing. At the same time, the depreciation swelled the local currency value of dollar deposit liabilities. Many depositors, fearing that banks had become unsafe, withdrew, and over 1999 the Central Bank had to provide banks massive liquidity support. By year’s end, the resulting monetary issue led to the exchange rate collapse and incipient hyperinflation that forced the move to full dollarization.Ecuador’s public accounts and banking system remain vulnerable to commodity-price and natural shocks. Exchange rate adjustment and monetary expansion are no longer available, however, to manage the external accounts, accommodate the public deficit, or assist failing banks. Further structural reform remains essential to assure fiscal discipline and banking system safety. Ecuador’s experience with dollarisation in an international perspective.

Early in 2000, Ecuador, in response to a serious economic and governance crisis, adopted the U.S. dollar as its national currency. This publication examines the economic conditions leading upto this action (including rising inflation, government intervention in the banking system and large fiscal deficits), describing the repeated cycles of crisis and failed stabilisation that fatally undermined confidence in the Ecuadoran sucre. It then goes on to analyse the initial results and its effects on the economy.

Full Dollarization

Institutional Weaknesses, Fiscal Rigidities, and Financial Dollarization At Work

Dollarization and Semi-dollarization in Ecuador

Women’s Movements, State Restructuring, and Global Development in Ecuador

Effects on Trade, Financial Development, and Stability

Political Crises, Social Conflict and Economic Development

This paper presents a new dataset on the dynamics of non-performing loans (NPLs) during 88 banking crises since 1990. The data show similarities across crises during NPL build-ups but less so during NPL resolutions. We find a close relationship between NPL problems—elevated and unresolved NPLs—and the severity of post-crisis recessions. A machine learning approach identifies a set of pre-crisis predictors of NPL problems related to weak macroeconomic, institutional, corporate, and banking sector conditions. Our findings suggest that reducing pre-crisis vulnerabilities and promptly addressing NPL problems during a crisis are important for post-crisis output recovery.

The world economy is experiencing a very strong but uneven recovery, with many emerging market and developing economies facing obstacles to vaccination. The global outlook remains uncertain, with major risks around the path of the pandemic and the possibility of financial stress amid large debt loads. Policy makers face a difficult balancing act as they seek to nurture the recovery while safeguarding price stability and fiscal sustainability. A comprehensive set of policies will be required to promote a strong recovery that mitigates inequality and enhances environmental sustainability, ultimately putting economies on a path of green, resilient, and inclusive development. Prominent among the necessary policies are efforts to lower trade costs so that trade can once again become a robust engine of growth. This year marks the 30th anniversary of the Global Economic Prospects. The Global Economic Prospects is a World Bank Group Flagship Report that examines global economic developments and prospects, with a special focus on emerging market and developing economies, on a semiannual basis (in January and June). Each edition includes analytical pieces on topical policy challenges faced by these economies.

Financial services with global reach are becoming ever more important in the conduct and organization of the trade and investment of nations, and currencies that lack international standing lose out in this business. The result of financial development has been destabilizing currency and portfolio substitution — in favour of international currencies and against local ones. This book analyses formal approaches to overcoming monetary divisions within countries and within integrating regions, focusing on the consequences of monetary union for trade among union members and their financial development and stability. The authors discuss hard pegs such as those attempted by the currency board of Argentina, outright dollarization, such as in Ecuador, and multilateral monetary union, as in Europe, the least reversible form of monetary union and the most powerful elixir of financial integration and trade. The political classes and central banks in most countries have been reluctant to admit the market- and technology-driven forces of currency consolidation, much less yield to them. International financial institutions too are still in the habit of proffering advice about national monetary and exchange-rate policies on the assumption that getting rid of both is not even an option. Emerging-market countries, in particular, have to choose between retaining what independent monetary means they still have — and can safely use in the presence of widespread liability dollarization and currency mismatches — and formally replacing the domestic with an international currency to reduce exposure to debilitating financial crises. In concrete investigations of this choice, this volume shows that monetary union deserves a much more sympathetic hearing.

Neoliberalisation and Children’s Rights since the 1990s

Dollarization, Bailouts and the Stability of the Banking System

Monetary and Currency Policy Management in Asia

Cute Cat Lovers Journal / Notebook / Diary / Birthday Gift (6x9 - 110 Blank Lined Pages)

Exchange Rate Politics in Latin America