

[Working Papers](#)

# Sudden Stop, Financial Factors and Economic Collpase in Latin America: Learning from Argentina and Chile

Guillermo A. Calvo & Ernesto Talvi

SHARE



WORKING PAPER 11153

DOI 10.3386/w11153

ISSUE DATE February 2005

This paper shows that the Russian 1998 crisis had a big impact on capital flows to Emerging Market Economies, EMs, especially in Latin America, and that the impact of the Russian shock differs quite markedly across EMs. To illustrate this statement, we compare the polar cases of Chile and Argentina. While Chile exhibited a significant economic slowdown after August 1998, it did not suffer the excruciating collapse suffered by Argentina, where even the payments system came to a full stop. We attribute their difference to the fact that Chile is more open to trade than Argentina, and that it appears to suffer much less from balance-sheet currency-denomination mismatch that was

rampant in Argentina before the 2002 crisis (due to large domestic liability dollarization). The paper is essentially descriptive but is in line with and, thus, complements econometric studies like Calvo, Izquierdo and Mejia (NBER Working Paper 10520). The final section addresses policy issues in light of the paper's findings and conjectures.

Download a PDF

[Information on access](#)

**Acknowledgements and Disclosures** ∨

---

**Download Citation** ∨

---

## Published Versions

Serra, Narcis and Joseph E. Stiglitz (eds.) The Washington Consensus Reconsidered: Towards a New Global Governance (Initiative for Policy Dialogue Series). New York: Oxford University Press, 2008.

---

## Related

### TOPICS

[International Economics](#)  
[International Finance](#)  
[International Macroeconomics](#)

### PROGRAMS

[International Finance and Macroeconomics](#)

**More from NBER**



In addition to [working papers](#), the NBER disseminates affiliates' latest findings through a range of free periodicals — the [NBER Reporter](#), the [NBER Digest](#), the [Bulletin on Retirement and Disability](#), the [Bulletin on Health](#), and the [Bulletin on Entrepreneurship](#) — as well as online conference reports, video lectures, and interviews.



The image shows a YouTube video player interface. At the top, the NBER logo is on the left, and the title "14th Annual Feldstein Lecture - Summer Institute 2022 Fi..." is in the center. To the right of the title are icons for "Watch later" and "Share". Below the title is a video player showing a woman, Gita Gopinath, speaking. To the right of the video player is a slide titled "Need an 'Integrated Policy Framework'". The slide contains a bulleted list of points and references. Below the video player, the text "Managing a Turn in the Global Financial Cycle" and "Gita Gopinath, International Monetary Fund" is displayed, along with "Martin Feldstein Lecture, Summer Institute 2022". At the bottom left, there is a "Watch on YouTube" button.

NBER | 14th Annual Feldstein Lecture - Summer Institute 2022 Fi...  
NATIONAL BUREAU OF ECONOMIC RESEARCH

Watch later Share

Need an "Integrated Policy Framework"

- Practice: Countries use a combination of multiple instruments
  - policy rate, FX intervention, capital controls, domestic macroprudential policies
- But there is no welfare-maximizing framework which integrates these multiple tools and multiple frictions
- Papers
  - Optimal Monetary and Financial Policies in a Small Open Economy (Basu, Boz, Gopinath, Roch, Unsal, 2021)
  - A Conceptual Model for the Integrated Policy Framework (Basu, Boz, Gopinath, Roch, Unsal, IMF WP 2020)

7 / 28

Watch on YouTube

*Managing a Turn in the Global Financial Cycle*  
Gita Gopinath, International Monetary Fund  
Martin Feldstein Lecture, Summer Institute 2022

## **The 2022 Martin Feldstein Lecture: Managing a Turn in the Global Financial Cycle**

LECTURE

Gita Gopinath, the first deputy managing director of the International Monetary Fund, delivered the 2022 Martin...



*Methods Lectures - Empirical Bayes Methods, Theory and Applications*  
Royal Sonesta Hotel, Cambridge, Massachusetts  
Summer Insittute, July 28, 2022

## **2022 Summer Institute Methods Lectures: Empirical Bayes Methods, Theory and Application**

### LECTURE

Large data sets that include observations on many workers at a given firm, multiple decisions by individual judges,...



*Joshua Angrist*



*David Card*



*Guido Imbens*

## **Joshua Angrist, David Card, and Guido Imbens Awarded 2021 Nobel Prize**

### ARTICLE

Long-time NBER research associates Joshua Angrist, David Card, and Guido Imbens have been awarded the 2021 Nobel Prize in Economic Sciences in recognition of...

FOLLOW



## National Bureau of Economic Research

Contact Us

1050 Massachusetts Avenue

Cambridge, MA 02138

617-868-3900

info@nber.org

webaccessibility@nber.org

HOME PAGE

PRIVACY POLICY

ACCESSIBILITY POLICY

© 2022 NATIONAL BUREAU OF ECONOMIC RESEARCH. ALL RIGHTS RESERVED.