

Bad Samaritans: - The Guilty Secrets of Rich Nations & the Threat to Global Prosperity

1. Korea, one of the poorest places in the world, was the sorry country I was born....pg. 3
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29. In a more extreme example, following its financial crisis in the same year, Indonesia was also instructed by the IMF to cut government spending, especially food subsidies. When combined with a rise in interest rates.....pg. 156
30. The Bad Samaritans have imposed macroeconomic policies on developing countries that seriously hamper their ability to invest, grow and create jobs in the long run. The categorical – and simplistic – denunciation of ‘living beyond one’s means’ has made it impossible for them to ‘borrow to invest’ in order to accelerate economic growth. If we categorically denounce people

for living beyond their means, we should, amongst other things, condemn young people borrowing to invest in their career development or in their children's education. That cannot be right. Living beyond one's means may or may not be right; it all depends on the stage of development that the country is in and the use to which the borrowed money is put. Pg. 159

31. Mr. Cavallo, the Argentine finance minister, may have been right in saying that developing countries are like 'rebel teenagers' who need to 'grow up'. But acting like a grown – up is not really growing up. The teenager needs to get an education and find a proper job; it is not enough just to pretend that he is grown up and quit his school so that he can increase his savings. Similarly, in order really to 'grow up', it is not enough for developing countries to use policies that suit 'grown – up' countries. What they need to do is to invest in their future. In order to do that, they should be allowed to pursue macroeconomic policies that are more pro-investment and pro-growth than the ones used by the rich countries, and that are a lot more aggressive than those they are allowed to pursue today by the Bad Samaritans. Pg. 159