

Discussion of “Guyana: Why Has
Growth Stopped,” and
“Growth in Dominican Republic
and Haiti”

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Some Shared History

- Dominican Republic and Haiti?
 - Large sugar plantations
 - Slavery/forced labor
 - US occupation...
- Similar history in Guyana also
 - IMF working paper by Michael Da Costa
- But worry about the details: was there really so much similarity?
- More detailed measures, over time, are available, e.g., constraint on executive

What Explains Divergence Haiti and Dominican Republic?

- Macro policies?
 - Inflation, balance of payments
 - Budget, monetary, exchange rate
- Structural policies
 - Regulation of entry
- Underlying political, social structure?

Growth Regressions

- Main problem: need identification for variables of interest, even with fixed effects
 - E.g., do macro policies have some independent explanatory effect, or due to deeper causes?
 - This problem is not solved by GMM, etc
- Annual data also unappealing
 - Start with cross-section or long difference
 - Show graphs

Insight from the Analysis

- Dominican Republic better on structural measures than Haiti
 - Does composite index help here?
- Haiti: political instability (led to macro/structural)
 - Why so much harder to resolve than elsewhere?
 - Nature and origins of inequality?
- Dominican Republic actually one of the 12/13 “Great Escapes” since 1960
 - How: manufactured exports
 - But why?

Guyana

- Why did growth slow down?
 - Or why did growth accelerate for a while?
- Da Costa: ethnic politics
 - Escaping socialism
 - But failing to establish strong institutions
 - Falling back into instability
 - not as extreme as Haiti
 - But not developing a growth strategy like DR (or other escapees from sugar, such as Barbados or Trinidad)

Conclusion

- If potential advantages of focus on exports when institutions are weak, e.g.,
 - Real exchange rate, “avoid overvaluation”
 - Micro barriers to trade (Doing Business)
- But are there really such “policy levers”?
- What is the political context?
 - Explain: why wasn’t this done before?