

# A new policy paradigm for resource-rich developing countries: could an export boom be contractionary?

Wednesday 6 December 12.30 – 1.30pm

## Speaker

### Dr Martin Davies

Associate Professor of Economics,  
Washington and Lee University;

Centre Associate, Development Policy  
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## Location

### Brindabella Theatre

Level 2, JG Crawford Building 132  
Lennox Crossing, ANU

## Registration at

[crawford.anu.edu.au/events](http://crawford.anu.edu.au/events)

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This seminar is free and open to the  
public.

## Presented by

Development Policy  
Centre

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**Asia & the Pacific**



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*Remnants of Panguna mine*

Resource-rich developing countries are different. They obviously have large resource sectors, but these typically operate as enclaves, and most profits are repatriated, so net factor income is typically large and negative. In this seminar, Martin Davies will present the findings of a paper co-authored with Marcel Schröder, which presents a simple model of internal and external balance that incorporates the key features of this class of countries. Using this framework, the authors suggest a new paradigm for policy-setting in resource-rich developing countries. This includes a new equilibrium exchange rate concept, and a number of other interesting results, including the possibility that an export boom could be contractionary. The authors then estimate, using this new approach, a set of equilibrium real exchange rates for a panel of resource-rich developing countries.

**Dr Martin Davies** is Assistant Professor of Economics at Washington and Lee University. His research interests include international trade and development. He has a DPhil from Oxford University, and has taught at the University of Papua New Guinea (UPNG), St John's College Oxford, and the Foreign Commonwealth Office (UK). He has held a post at the Australian Treasury, and is a visitor to UPNG under the ANU-UPNG partnership.