



November 17, 2010
enzo fabio arcangeli

Tabela 1. As politicas econômicas. Uma taxonomia

	S	S - D interaction	D
mAcro	1 inflation 2 growth 3 constraints (primary r.) 4 imbalances 5 knoweldge; paradigms, trajectories	8 macro-institutions: civil society, State 16 internat. trade, factors flows: int. currency, resources (opp. & constraints)	6 fiscal 7 money, credit and (shadow) finance
mIcro	12 competition policies 13 neo-lib "reforms" 14 INDUS-TRIAL POLI-CIES: a)horizontal, "environ-mental" b)filiere, cross-sec. c)sectoral (incl. INFANT IN-DUSTRY) d)nat. champi-ons, pick the winner, win win e)business services	15 national (or secto-ral) innova-tion - diffu-sion sys-tems 15bis: other micro- and agent-based institutions of the civil so-ciety (Hegel); e.g. FreiBetto	9, C - con-sumer behav-iour 10, I - animal spirits, innova-tiveness, imi-tation 11, G - public investment and curr. exp.; political mar-kets; bureau-cratic behav-iour 11-bis G as an industrial pol-icy TOOL (14 a-...-e); risk of corruption



argumentos (as POL. ECONOMICAS e INDUSTRIAIS)

1, introdução

2, 2 teses a ser discutidas. **Nouriel Roubini 2008**: as políticas macros tradicionais não servem a nada, desta vez. **Otaviano Canuto 2010** (último Foreign Policy: EMERGED NATIONS), o “**Leste**” não pode aplicar as mesmas políticas econômicas (PEs) do “**Oeste**”: deve criar novas PEs

3, breve resenha das PEs hoje (Tabela 1).

4. Uma crítica a Cimoli - Dosi - Stiglitz eds. 2009

ROUBINI at 6:00 this morning - RGE's Wednesday Note

In March [we observed](#) that a long-term political cycle centered on China's power transfer in 2012 was trumping the short-term cycle that would normally see monetary policy control transferred to Party technocrats. Now the "short cycle"—aimed at curbing inflationary pressures and asset bubbles—is set to overtake the "long cycle"—aimed at allowing Party leaders to shore up their power. In "[The Long and Short of It: China's Political Economy Is Shifting](#)," we update our model of China's political economy and examine possible implications for future tightening measures. The bottom line: China appears to be entering a more serious tightening phase, though inflation is still likely to increase in 2011.

We see two broad political cycles driving China's monetary policy. The long cycle is a contest between Chinese Communist Party (CCP) factions for the seven seats that will open up on the Politburo Standing Committee in 2012. In the meantime, faction leaders—Party officials who often hold government positions as well—will seek to demonstrate the relative strength of their following. Since this depends on a tangled web of unofficial political allegiances and therefore is difficult to gauge, each leader must demonstrate the size and strength of the faction behind him/her by steering funds to cadres in local leadership positions through the state-owned banking sector. This highlights their political sway and promotes growth in their regions, all the while fueling inflation.

The short cycle, as laid out by Northwestern Assistant Professor Victor Shih in his 2007 book, is the escape hatch. When inflationary pressures and/or asset bubbles begin to threaten social stability, the CCP leaders with large regional factions ("generalists") temporarily hand monetary policy control over to cadres with narrower support centered in government ministries—"technocrats," to borrow Shih's terminology. This is a credible signal to other cadres that lending growth must be curtailed because the handover comes at a cost to the heads of the generalist factions: the loss of their ability to steer funds to cadres within their faction. The generalists are willing to pay this price because they are confident that when the inflationary pressures dissipate, they will be able to regain control.



With [inflation increasing at an annualized 8.7% m/m pace](#) in October and [money supply](#) and [credit growth](#) well in excess of government targets, the centralized technocrats are beginning to assert their authority. This should lead to a curtailment of credit in 2011, which will [pull down fixed-asset investment and GDP growth](#) as well. The short cycle will subside once technocratic dominance of monetary policy effectively chokes off inflationary pressures and growth looks vulnerable, likely in late 2011 or early 2012.

We also believe there have been shifts in the factional balance of power that could have implications for the timing of the transition to the short cycle. Vice Premier Li Keqiang appears to have increased his influence over the "populist" faction headed by President Hu Jintao, and [Vice President Xi Jinping](#) has all but ensured his takeover of Hu's positions at the 2012 CCP Congress, which would return the "princeling" faction to power. With Xi's and Li's power bases seemingly strengthened, the risks of maintaining expansionary credit policies would outweigh the benefits. Rather than jockeying with each other for position within the 18th Standing Committee, Xi and Li are likely to work together to choke off funds to competing factions.

A shift to tighter credit and fiscal conditions should result, beyond the removal of the stimulus measures imposed in 2008. We also expect the technocrats to take advantage of their temporary hold on power to try to push through additional financial sector reforms that will make it more difficult for the generalists to manipulate credit decisions at the local branches of the state-owned banks. This is likely to start with [additional asymmetrical rate hikes](#) to narrow the gap between lending and borrowing costs and may also mean higher required reserve ratios for banks in the coming months.

The Central Economic Work Conference in early December should signal an end to the "moderately loose" monetary policy that has allowed the long cycle to dominate the short since late 2008. There will likely be little commentary about renminbi (RMB) flexibility at the conference; nevertheless, we expect that technocratic control of China's monetary policy should marginally increase the rate of RMB appreciation against the USD. Although there is some debate among the technocrats as to the benefits of a stronger RMB, we assume their median position is slightly more favorable to appreciation than that of the generalist factions.

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3\3 AULA em este SEMINARIO, dia 24:

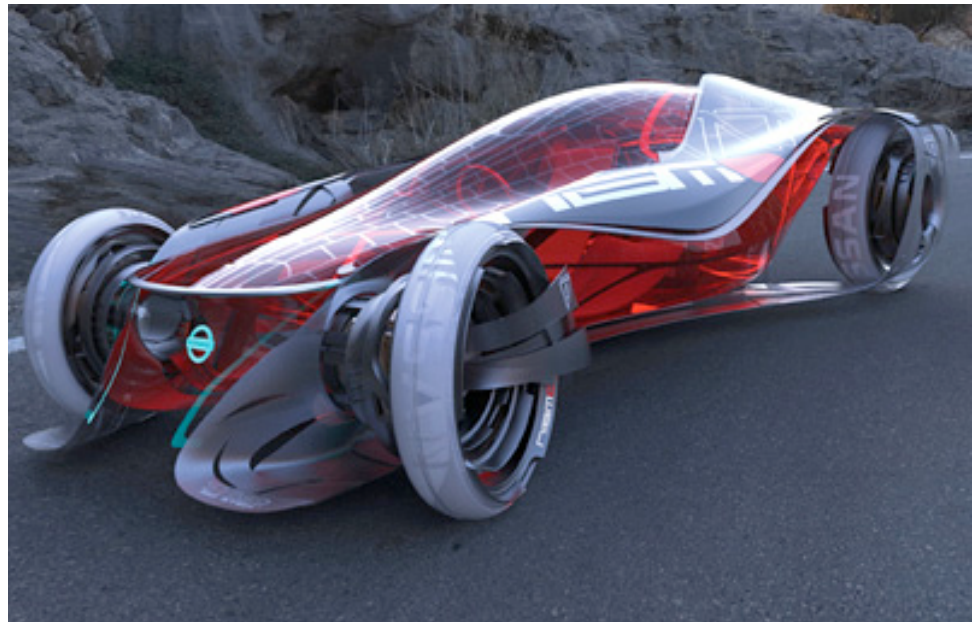
Perspectivas tecnologicas e a nova onda longa.

Hoje muito cedo (re-tuitado para o prof. de Harvard [@umairh](#)):

[johnmaeda](#) johnmaeda

For all the car industry's challenges, their "concept car" paradigm could be used in many industries.

<http://j.mp/aBA8FZ>



Nissan iV

conception: 2010

production: 2035 ?

engine: electric

2010 LA Auto Show's Design Challenge. For 2010 the challenge was to design a car which weighed under 1,000 lbs (454 kgs), carried up to four people, and was both safe and comfortable.

LEITURAS: 2\3 aula de hoje

Creveld, M. Van (1999), *The Rise and the Decline of the State*. Cambridge: Cambridge Univ. Press.



Laura Tyson 200x, entrevista sobre a pol. da globalização na Adm. Clinton (file pdf no meu blog)

Margarida Baptista, Políticas Industriais - tese de Doutorado no IE\UNICAMP - disponível no CEDOC

Olivier Blanchard 2001 (2), Macroeconomia: teoria e política econômica

Jeffrey Sachs e Felipe Larrain 1995, Macroeconomia e política econômica. Bologna: il Mulino. Em port.: 2000 (2), Macroeconomia em uma Economia Global. SP: Makron Books

Cimoli - Dosi - Stiglitz eds. 2009, Industrial Policy and Development. The Political Economy of Capabilities Accumulation. Oxford: Oxford University Press.

- Annandale-on-Hudson, NY: Levy Institute <http://www.levy.org> - macro on Minsky lines.
- ERBER, Fábio e CASSIOLATO, José Eduardo. Política Industrial: Teoria e Prática no Brasil e na OCDE. **Revista de Economia Política**, v. 17, n. 2, 1997.
- Boletins dos Centros de Pesquisa do IE (varios).

3/3 proxima aula, tecnologia:

- **Freeman, C. e Soete, L.** 2008 (ed. or. 1997), *A Economia da Inovação Industrial*. Campinas: Ed. Unicamp.

- **Tigre, Paulo B.** 2006, *Gestão de Inovação: a Economia da Tecnologia no Brasil*. SP: Elsevier.

- **Boldrin, Michele e David Levine** (2008), *Against Intellectual Monopoly*. Cambridge: Cambridge University Press - free oL:
<http://www.micheleboldrin.com/research/aim.html>

Perez, Carlota (2002), *Technological Revolutions and Financial Capital*. Cheltenham: Edward Elgar.

Perez, Carlota (2007), *Innovation and Finance: A Long Term View*.

<http://www.carlotaperez.org/papers/PEREZ%20Finance%20and%20Technical%20Change.pdf>

