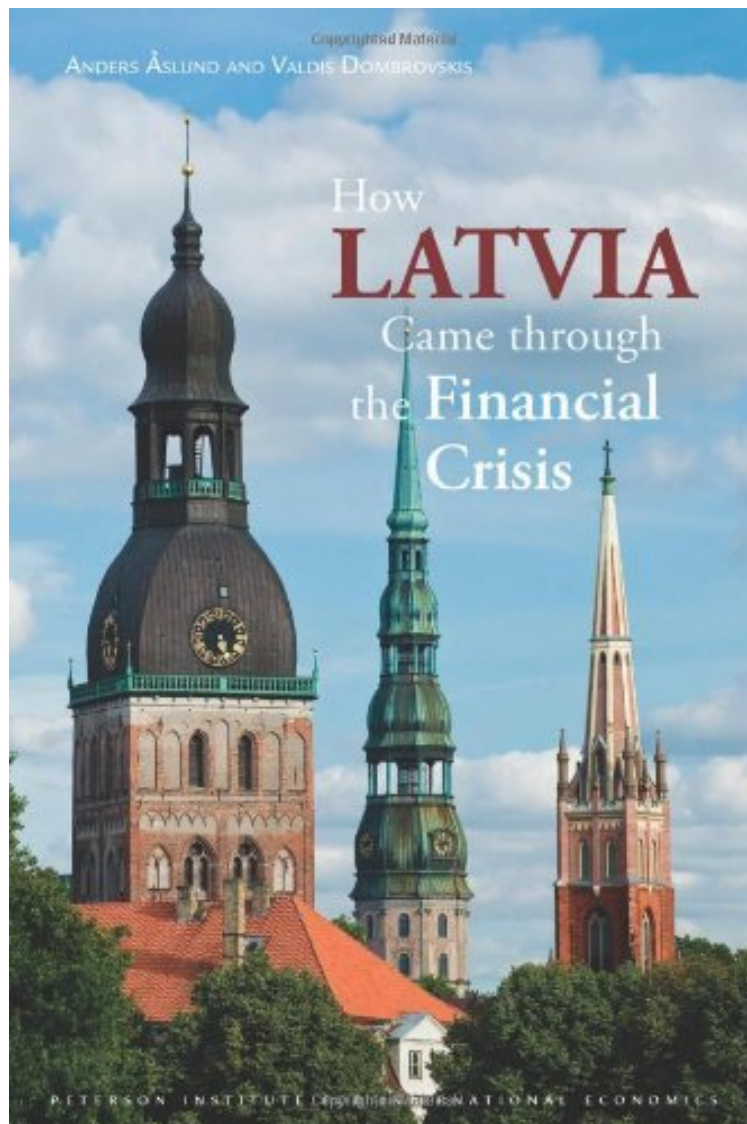


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How Latvia Came Through the Financial Crisis (Peterson Institute for International Economics: Special Report)

Anders Aslund

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Anders Aslund : How Latvia Came Through the Financial Crisis (Peterson Institute for International Economics: Special Report) before purchasing it in order to gauge whether or not it would be worth my time, and all praised How Latvia Came Through the Financial Crisis (Peterson Institute for International Economics: Special Report):

0 of 1 people found the following review helpful. Belgium , Greece, France - the text book to rescue your economies

has been written for you

By Aaron McLoughlin This book co-written by the Latvian Commissioner-designate should be compulsory reading for finance ministers in Europe. It certainly deserves to be translated into French, Spanish, Greek and Flemish. They need the template for recovery more than many. I am looking forward to a group of Commissioners (the Baltic states seem to be very realistic) with core economic and political literacy moving to Brussels. His attacks on oligarch capitalism or crony capitalism is scathing and the need to address corruption is powerful. But, most of all, his genuine concern comes across in to protect the most vulnerable in society from the ravages of inflation.

0 of 1 people found the following review helpful. Interesting!

By Joanne Trocano The book is actually for my husband who is of Latvian descent. I was interested in what I looked at but I have not actually read the book. I'll let you know after Christmas. I do know that my husband is fascinated by this type of reading and misses his father terribly who lived in Latvia until he was run out during WW2.

2 of 2 people found the following review helpful. Lessons for all countries from Latvia

By N. Tsafos It is easy to think that what happened in Latvia, a small country with a small economy, could not possibly be relevant for other countries coping with the aftermath of the worst economic crisis in generations. Yet this book by Anders Aring;slund and Valdis Dombrovskis shows otherwise: just as there are economic similarities between financial crises, so there are political similarities on how to deal with them. "How Latvia Came through the Financial Crisis" is as much a political handbook as it is an economic analysis of the crisis. It combines economic rigor (Aring;slund) with inside knowledge by Latvia's prime minister (Dombrovskis) and shows how a country can take tough decisions, adjust quickly, and come out ahead. The book chronicles Latvia's economic performance since independence and then focuses on the boom years from 2004 to 2007. It then zeroes in on the onset of the economic crisis and the choices that Latvia faced in dealing with it. There is a whole chapter devoted to the question of whether Latvia should have devalued its currency - this chapter is, by itself, sufficient to make the book worthwhile. Latvia chose not to devalue, against the advice of so many economists, and its choice proved good. Alongside the economic tale - wages cut, spending lowered, reforms implemented - is a political tale about how to handle such a crisis. What stands out is that there was both supply and demand for reforms: it is usually the political leadership that, under pressure, is forced to change. The electorate offers no more than begrudging acceptance at best. Not so in Latvia, where there was strong support for market reforms. When one government proved not up to the task it was voted out. With a new government, Latvia implemented reform quickly. The lessons one gets are that a strong sense of justice (pain evenly split), a frontloading of reforms, continuous communication, and a clear "exit strategy" all contributed to success. And these are lessons that all countries can learn from.

Latvia stands out as the East European country hardest hit by the global financial crisis; it lost approximately 25 percent of its GDP between 2008 and 2010. It was also the most overheated economy before the crisis. But in the second half of 2010, Latvia returned to economic growth. How did this happen so quickly? Current Latvian Prime Minister Valdis Dombrovskis, who shepherded Latvia through the crisis, and renowned author Anders Aring;slund discuss why the Latvian economy became so overheated; why an IMF and European Union stabilization program was needed; what the Latvian government did to resolve the financial crisis and why it made these choices; and what the outcome has been. This book offers a rare insider's look at how a national government responded to a global financial crisis, made tough choices, and led the country back to economic growth.

This is a fascinating story of a huge credit boom, the resulting bust and deep recession, and of an amazingly radical and brave fiscal consolidation coupled with structural reforms. The authors rightly stress that economic and political lessons of Latvian stabilization and reforms go well beyond Latvia. These lessons are especially relevant for the members of the eurozone, as Latvia successfully resisted nominal devaluation of its currency and the eurozone countries do not have this option. (Leszek Balcerowicz, former president of the National Bank of Poland) Against all odds, the Baltic countries regained their national independence twenty years ago. They did so heroically and peacefully, and they acted in the same way during the financial crisis. With little doubt, future generations of Latvians will look to Valdis Dombrovskis as the hero that salvaged their nation from this serious threat, returning his country to economic growth in only two years. In this fascinating book, Dombrovskis and Anders Aring;slund tell us the incredible tale of Latvia's road to recovery. (Carl Bildt, Minister for Foreign Affairs of Sweden) The open and booming Baltic countries could do little to impede the flood of capital preceding the global financial crisis and they were hit hard, most of all Latvia. This timely and engaging book tells the story of how Latvia entered the crisis and how its government took the country out of this most severe crisis. Its essence is that good policy is possible, and that sensible voters reward such policies. (Toomas Hendrik Ilves, President of the Republic of Estonia)

About the Author Anders Aring;slund, known for repeatedly challenging conventional wisdom on transition economies is a leading specialist on postcommunist economic transformation. He boldly predicted the fall of the Soviet Union in 1989. His books have won multiple Choice OAT awards. Valdis Dombrovskis is the Prime Minister of Latvia. He has previously served as Latvia's Minister of Finance and a Member of the European Parliament for the New Era Party.