

Short Vitae

(updated version of entry published in *Who's Who in Economics, Fourth Edition* Mark Blaug and Howard Vane (eds), Edward Elgar Publishing 2003)

1. Last name, all first names

Mendoza, Enrique Gabriel

2. Year and place of birth (town/city, US state if applicable, and country)

1963, Mexico City, Mexico

3. Title of current post with start year, name and location of current employer

Prof. Econ., Univ. of Maryland, College Park, MD, USA, 2002-; Fac. Res. Fellow, NBER, Cambridge, MA, USA, 1997-; Resident Scholar, Res. Dept, IMF, as of Sept. 05

4. Previous posts and employers with years

Jr. Economist, Mexico, Finance Ministry, 1984-85; Economist, Res. Dept., IMF, 1989-97; Senior Economist, Int. Fin. Div., Board of Govs. of the Fed. Res. System, 1994-97; Assoc. Prof. Econ., Duke Univ., 1997-01; Prof. Econ., Duke Univ., 2001-02.

5. Degrees received, university and year (please state subject if not economics)

Hons. BA, Anahuac Univ., Mexico City, 1985; MA Univ. of Western Ont., London, Canada, 1986; PhD Univ. of Western Ont., London, Canada, 1989.

6. Main offices held, prizes won and honours received, with years

Treasurer, Latin American and Caribbean Econ. Assoc., 2000-2001.
Tlacaclael Econ. National Award, Consultores Internacionales, Mexico, 1986.

7. Editorial duties, if any, with years

Co-editor, J Int E., 2002-; Ed. Board AER 2001-; Assoc. editor, ITPF 1998-; Ed. Council, *Economia Mexicana*, 2000-;

8. Principal fields of interest based on the AER classification (see:

<http://www.aeaweb.org/journal/elclasjn.html>).

F4, Macroeconomic Aspects of Int. Trade and Finance; F3 Int. Finance; E0, Macroeconomics and Monetary Economics: General

9. Chief publications (limited to a maximum of 25 publications in total, divided under the headings of books and articles).

Articles: 1. 'Real Business Cycles in a Small Open Economy', AER, 81, Sept. 1991; 2. 'Capital Controls and the Dynamic Gains from Trade in a Business Cycle Model of a Small Open Economy', IMF Staff Papers, 38, Sept. 1991; 3. 'Robustness of Macroeconomic Indicators of Capital Mobility' in *Capital Mobility: The Impact on Consumption, Investment and Growth*, ed. by L. Leiderman and A. Razin, (Cambridge Univ. Press, 1993); 4. 'Effective Tax Rates in Macroeconomics: Cross Country Estimates of Tax Rates on Factor Incomes and Consumption' (with A Razin and L Tesar), JME, 34, Dec. 1994; 5. 'The Balassa-Samuelson Model: A General Equilibrium Appraisal', Review of International Economics, 1, Oct. 1994, 6. 'The Terms of Trade, the Real

Exchange Rate and Economic Fluctuations', *Int ER*, 36, Feb. 1995; 7. 'Petty Crime, Cruel Punishment: Lessons from the Mexican Debacle' (with G. Calvo) *AER*, May 1996; 8. 'Mexico's Balance of Payments Crisis: A Chronicle of a Death Foretold' (with G Calvo), *J Int E*, 41, Nov. 1996; 9. 'On the Ineffectiveness of Tax Policy in Altering Long-run Growth: Harberger's Superneutrality Conjecture' (with G Milesi-Ferretti), *J Pub E*, 66, Oct. 1997; 10. 'Terms-of-Trade Uncertainty and Economic Growth', *JDE*, 54, Dec. 1997; 11. 'The International Ramifications of Tax Reforms: Supply Side Economics in a Global Economy' (with L Tesar), *AER*, 88, March 1998; 12. 'Empirical Puzzles of Chilean Stabilization Policy' (with G Calvo) in *Chile: Recent Policy Lessons and Emerging Challenges*, ed. by G. Perry and D Leipziger (World Bank, 1999); 13. 'Rational Contagion and the Globalization of Securities Markets' (with G Calvo), *J Int E*, 51, June 2000; 14. 'Capital Markets Crises and Economic Collapse in Emerging Markets: An Informational Frictions Approach' (with G Calvo), *AER*, 90, May, 2000; 15. 'The Benefits of Dollarization when Stabilization Policy Lacks Credibility and Financial Markets are Imperfect', *JMCB*, 33, May 2001; 16. 'Devaluation Risk and the Business Cycle Implications of Exchange Rate Management' (with M Uribe), *Car.-Roch. Conf. Series on Pub. Policy*, 53, 2001; 17. 'The Business Cycles of Balance-of-Payments Crises: A Revision of A Mundellian Framework' (with M Uribe) in *Money, Capital Mobility and Trade: Essays in Honor of Robert A. Mundell*, ed. by G. Calvo, R. Dornbusch and M. Obstfeld (MIT Press, 2001); 18. 'Credit, Prices and Crashes: Business Cycles with a Sudden Stop' in *Preventing Currency Crises in Emerging Markets* ed. by S. Edwards and J. Frankel, (Univ. of Chicago Press, 2002); 19. 'The International Macroeconomics of Taxation and the Case Against European Tax Harmonization' in *Economic Policy in the International Economy*, ed. by E. Helpman and E. Sadka (Cambridge Univ. Press, 2002); 20. 'Margin Calls, Trading Costs, and Asset Prices in Emerging Markets: The Financial Mechanics of the Sudden Stops Phenomenon' (with K Smith), *JIE*, 2006 forthcoming. 21. 'Real Exchange Rate Volatility and the Price of Nontradables in Sudden-Stop-Prone Economies,' *Economia*, 2005; 22. 'Are Asset Price Guarantees Useful for Preventing Sudden Stops?: A Quantitative Investigation of the Globalization Hazard-Moral Hazard Tradeoff' (with C. B. Durdu), *JIE* 2006, forthcoming; 23. 'Lessons from the Debt-Deflation Theory of Sudden Stops, *AER*, May 2006.

10. Statement of principal contributions to economics (in not more than 300 words)

My work studies macroeconomic implications of international capital flows with emphasis on four research lines. The first line developed real-business-cycle models for small open economies with incomplete insurance markets. This research showed that productivity and terms of trade shocks are important for explaining observed fluctuations in domestic aggregates and the current account, and produced the puzzling result that gains of foreign asset trading are small. Further work showed that indicators of capital mobility, like saving-investment correlations, are misleading and argued that terms of trade volatility helps explain cross-country growth differentials. The second line examined policy reforms. L Tesar and I demonstrated that global externalities of tax reforms are large and provide strong incentives for tax competition. Work with G Milesi showed that tax reforms have negligible growth effects in a wide class of endogenous growth models. The third line was motivated by the 1990s emerging markets crises. G Calvo and I argued in 1995 that the observed financial vulnerability, sudden

reversals of capital inflows and contagion of the 1994 Mexican crisis were new phenomena inconsistent with conventional currency crises models. We developed a framework that uses informational frictions to explain them. M Uribe and I showed that unhedged devaluation risk (or weak government credibility) explains observed business cycle patterns of pre-crisis periods of exchange rate management. The fourth line and focus of my current work deals with the role of financial market frictions in macroeconomic dynamics of emerging economies. One project in this area focuses on finding a common explanation for sudden reversals of capital inflows and massive collapses in economic activity (the so called "Sudden Stops"). I have developed equilibrium business cycle models augmented by liquidity requirements, collateral constraints and trading costs that mimic key aspects of Sudden Stops. A striking policy implication is that emerging economies can lower exposure to Sudden Stops by replacing national currencies with hard currencies. A second project re-examines assessments of fiscal solvency and public debt sustainability taking into account the inability of governments to issue state contingent debt instruments and the large, non-insurable risks that they face.