Is Your Piggy Bank too Big? International Reserve Accumulation in Latin America

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Like most emerging economies, those in Latin America have accumulated large sums of international reserves over the last few decades. These reserves are typically seen in the literature as serving a precautionary motive — a liquidity buffer against unforeseen changes in the international trade and financial flows to the country. These resources, however, do not come cheap. In this lecture, Dr. Rosero will summarize some of his recent research findings on the effectiveness of international reserve accumulation as a method for promoting macroeconomic stability, as well as potential implications for regional integration in Latin America.