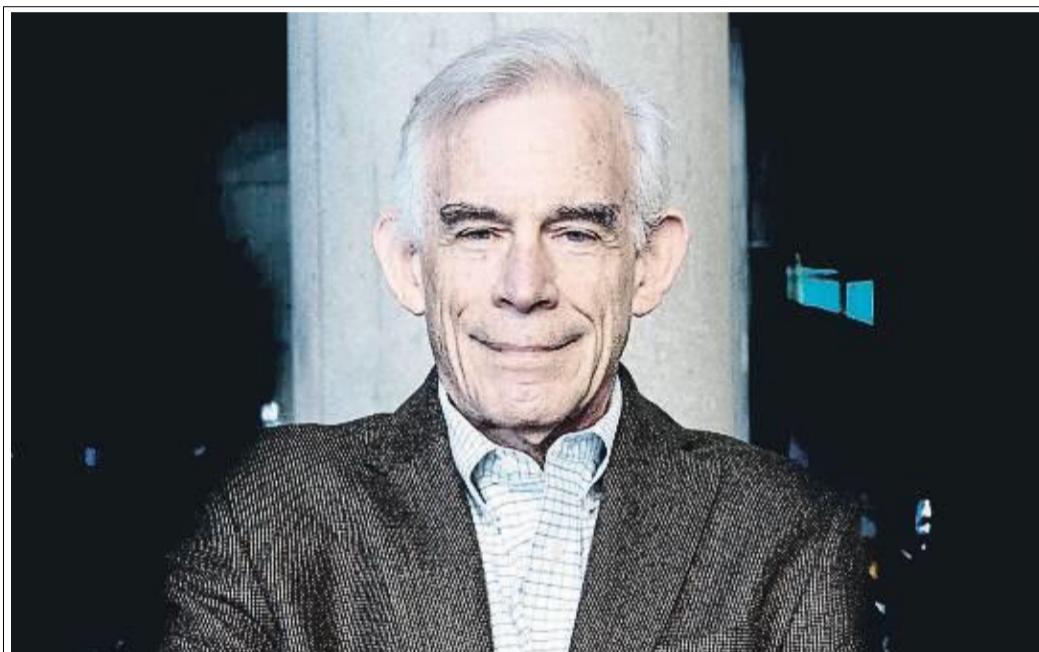


Christopher Sims, Nobel Prize Winner in Economics; advisory board member of GSE Barcelona



Age? I work a lot and I keep in shape to work...and I go horseback riding. I was born in Washington. I have 3 children and 4 grandchildren: I told them that being an economist shows there is nothing free and whoever says contrary, is distrustful. In the USA, I'm a left-wing liberal but here I'm centre-right.

“If a company bribes, they must be prohibited from re-entering”



KIM MANRESA

A simple proposal.

Nobel prize winner Sims, proposes punishing those companies that have paid politicians commissions in exchange for concessions by not allowing them to work for Administration again after a set time period. This will make it discouraging. The list of companies that have been recognized by the court for having paid bribes to politicians is lengthy, however, today they can still continue to obtain contracts (those accused of corruption are convicted, but not companies). It is only a proposal and maybe debatable, but I find it baffling that we are not discussing similar themes when this has been going on for years. On the other hand, the public debate in this respect, consists of declarations and initiatives that are simply forgotten.

The economy grows again. Will populism decrease? It has always been like this. As the economy improves, radical policies promising magical solutions are losing their adepts. People already have something to lose.

What do you think will happen now?

Those who gained power from populism will connect with the people's new view and as prosperity returns, will modify their speech as to make it more transversal, inclusive and institutional.

What if they do not?

They will lose power just as they won it.

How does this relationship work?

I am afraid that history shows when society's living conditions becomes worse, it is less likely that that society self-examine and tries to correct does not work in order to improve.

It would be most effective....and painful.

The easiest and usual, however, it is for the individuals to be grouped around a national, ethical, cultural identity and even blame the outside enemies for their wrongdoings, seeing that these leaders seem to promise fast, clear and of course wrong solutions.

Is populism nowadays different?

It's always the same. A cosmopolitan elite who is educated and intelligent taking advantage of globalization in front of the majority who then clings on to their identity who is culpable of their misfortunes and wants to eliminate it.

Who is that?

Once a time they were the Jews, but at the same time, there were also other elites who understood that gaining wealth in the world was all about innovation, trade and exchange.

Who are these cosmopolitan enriched by globalization?

Well, the Universal digital multi-billion internet plutocracy. While they accumulate immense wealth, they proletarianized and radicalized the less educated American white classes who lived fairly comfortable.

Another Nobel Laureate, Angus Deaton, has shown that the USA has literally committed suicide. This is part of the phenomenon.

How to avoid such inequality and hatred?

We already discovered the methods in the December 29 crisis, and we still continue doing the same thing, but societies have changed and it is more difficult to apply them. The expansion policies have worked better in the USA than in Europe, because Europe, just like Japan, has a

higher proportion of pensioners and older people who have saved a lot.

And?

That is to say, when they see the Central Banks adopt political expansionist and increases, they fear ending up paying for it. Therefore, even if available liquidity increases, instead of spending more and boosting the economy, they save more. And that way, it stops the effect.

And if by saving they give them less or pay no attention to it, they still save more.

The fact is that the effect of any monetary expansion under Keynesian policies, remains limited in an aging population.

Is it a cultural economic problem?

They should understand that the economy of a country is not like that of a household, and spending more does not mean losing what you spend if everyone is spending, but rather, producing more at the same time.

Keynes today in the euros is not promising?

In any case, some inflation help pay debts. We do not know why precisely, but historically, it has been proven that very low inflation periods of course, have low growth. Due to this the penury is prolonged and increased. But the euros, moreover, has its shortcomings.

What are they?

I already published them in 1999: as long as the eurozone countries do not have any fiscal condition, the euro and its economies are in jeopardy. They should have agreed on some type of European bond which would show the world and markets that if an European country be in trouble, they should respond to it.

And the BCE does not do something similar?

What it does now is yet to be decided – without democratic control – to which countries and how and when and how much help and then access all those risks factors as it relates to their balance sheet. The Federal Reserves would never buy debt from a state as the BCE does. It is a serious mistake to mix monetary and fiscal policy.

What should the Governments do?

Everything that allows an economy to recover. Eradicating corruption helps. And I am not only speaking about Spanish and New York, it has been years since we have been fighting against bribery as it relates to public contracts. It's a cancer.

Any suggestions?

As far as I know, here, some companies have paid parties in power in exchange for public contracts.

What do you propose to avoid it?

Well in addition to the political corruption, punish companies that are part of this bribery that pay them commissions. It would be enough once that bribery has been proven, that those associated companies be not allowed to compete for a public contract for a specified time period.

Why do you think it is not done?

The most important thing is that it can be done. They are enough to influence their representatives to approve it, and if they don't, vote for someone else.

LLUÍS AMIGUET

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