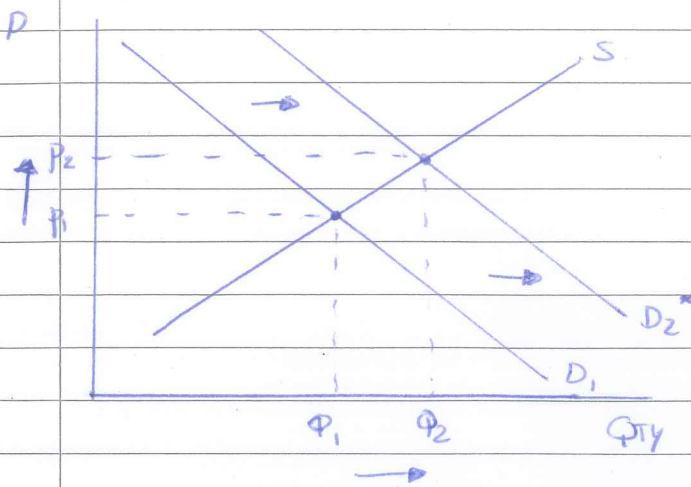


## THE DUTCH DISEASE:



MOA: MARKET FOR DUTCH GUILDERS (f)  
IN THE NETHERLANDS.

→ DEMAND FOR GUILDERS ROSE AS THE DUTCH GOV'T TURNED DOLLARS (USD) INTO GUILDERS (f) IN ORDER TO FINANCE DOMESTIC INVESTMENTS

HIND YOU: NOT EVERY RESOURCE-RICH COUNTRY SUFFERS FROM THE DUTCH DISEASE, CONTRIBUTING FACTORS ARE:

- EXPORT-DRIVEN ECONOMY
- MINOR CURRENCY
- IF THESE INGREDIENTS ARE IN PLACE THE DUTCH DISEASE BECOMES PROBLEMATIC

SOLUTIONS: THE DUTCH DISEASE CANNOT BE AVOIDED, HOWEVER, IT CAN BE MANAGED BY, ACCORDING TO STIGLITZ:

- FINANCE DOMESTIC INVESTMENTS BY INTERNAL REVENUES (TAXES) AND USE OIL DOLLARS TO SET UP A STABILIZATION FUND THAT SPREADS THE CONVERSION INTO THE DOMESTIC CURRENCY OUT OVER TIME.

## NORWAY:

\$1 OIL PROFIT

- 22¢ PRIVATE COMPANY
- 78¢ GOV'T
  - 3¢ DOM. INVESTMENTS
  - 75¢ STABILIZATION FUND FOR FUTURE GENERATIONS