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Paper Title: Keeping Your Eye on the Ball: Extreme Optimism and the Worry of a Chilean Minsky Moment

Abstract: This paper examines the major economic and institutional factors underlying the surge in foreign direct investment (FDI) flows to Chile and what steps can be taken in order to maintain such high levels of FDI and promote further growth. In doing so, this paper analyzes the current regulatory regimes and offers several suggestions for future improvements. Chile still has to overcome several hurdles in order to reach the status of a developed nation by 2020 and this paper reflects on Chile’s past, uses comparative analyses, and uses other considerations in order to offer a holistic approach in reaching this goal.