SOVEREIGN INTERFERENCE IN PRIVATE SECTOR FOREIGN DEBT: EXAMPLES IN THE 1980'S

Craig Applegate

DISCUSSION PAPER NO. 286

March 1993

G.P.O. Box 4, Canberra 2601, Australia
SOVEREIGN INTERFERENCE IN PRIVATE
SECTOR FOREIGN DEBT: EXAMPLES IN THE 1980'S

Craig Applegate

Department of Economics
Faculty of Economics and Commerce
Australian National University

DISCUSSION PAPER NO. 286

March 1993

ISBN: 0 7315 1613 3
ISSN: 0725-430 X
(i)

Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive summary</td>
<td>(ii)</td>
</tr>
<tr>
<td>Introduction</td>
<td>1</td>
</tr>
<tr>
<td>Cases in which public and unguaranteed private debt have been rescheduled on similar terms.</td>
<td>2</td>
</tr>
<tr>
<td>Cases in which the government has intervened in the repayment private sector foreign debt on different terms to that which applied to public sector foreign debt.</td>
<td>5</td>
</tr>
<tr>
<td>What common features arise during debt rescheduling?</td>
<td>7</td>
</tr>
<tr>
<td>Conclusions</td>
<td>11</td>
</tr>
</tbody>
</table>

Appendix

<table>
<thead>
<tr>
<th>Question</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is there a default risk premium on Australian government debt?</td>
<td>12</td>
</tr>
</tbody>
</table>

Bibliography                                                            | 18   |
(ii)

Executive Summary

The sharp distinction made by Pitchford (1989) between public sector and unguaranteed private sector foreign debt has historically become blurred when a country experiences problems in servicing its public sector foreign debt and has a relatively large unguaranteed private sector foreign debt. Such countries have rescheduled unguaranteed private sector foreign debt along with public sector foreign debt, imposed moratoria on repayments of private sector foreign debt and imposed foreign exchange restrictions which enable the government to control the outflow of capital used to service unguaranteed private sector foreign debt.
Sovereign Interference in Private Sector Foreign Debt: Examples in the 1980's
Craig Applegate

Introduction

The aim of this paper is to determine whether the probability of private foreign debt being either rescheduled or limited through the introduction of foreign exchange rate controls, has historically been linked with the probability of the public sector having problems in repaying its own debt.

Standard and Poors (1993) explicitly make this link. The credit rating which they issue a private company rarely exceeds the credit rating of the country in which it operates, because of the possibility of introducing exchange controls or imposing debt moratoria. Standard and Poor make an exception to this rule when they believe the local company can get around these controls, such as if it is a subsidiary of a multinational which is guaranteed by its parent company.

If a link does exist between either the probability of the government interfering with the repayment of private sector foreign debt, and the probability of the public sector having problems repaying its own debt, then the model of Fane and Applegate (1992) is relevant for determining whether private sector foreign debt does

*I would like to thank my supervisor, Dr George Fane for his helpful comments. I would also like to thank the Treasury for allowing access to the Bloomfield financial markets package.
impose an external cost on other borrowers within a country. Measurement of the size of the optimal tax on capital inflow requires knowledge of the risk premium on publicly guaranteed foreign debt.

It could be that there is no link between the probability of the government interfering with the repayment of private sector foreign debt and the presence of a risk premium on publicly guaranteed foreign debt. If this is the case, then one of two possibilities arises:-

The first possibility is that there is no external cost to private sector foreign debt. The second possibility is that such an externality depends on a difficult to calculate probability of the government intervening in the repayments of private sector foreign debt.

Cases in which public and unguaranteed private debt have been rescheduled on similar terms.

Argentina was recorded as having rescheduled both public and private sector foreign debt together in the period September 1984 to January 1985. (Bradlow (1986), Reuters Textline: Financial Times (27/9/84), Euromoney (25/01/85)). Foreign exchange for repayments on those unguaranteed loans which were made before November 1984 was only made available if that loan includes a grace period on principal repayments of 3 years followed by a minimum of 7 1/2 years for paying back the principal. Repayments on private sector loans which became due during 1985 without an official exchange
rate guarantee could only be repaid on the same terms as loans made before November 1984 (IMF Exchange Arrangements and Exchange Restrictions (1986)).

Argentina was also recorded as having imposed a 180 day debt moratoria on both public and private sector debt repayments in both 1986 and 1987 (Reuters Textline: Latin American Weekly Report (2/05/92), BBC Monitoring Service Latin America (7/07/87)).

In table 11 of Brau and Williams (1983), both Bolivia and Brazil were listed as having rescheduled public and private sector foreign debt together in 1981 and 1983 respectively. In the case of Bolivia, only medium term and long term private sector debt was rescheduled, while in the case of Brazil, all private sector foreign debt was rescheduled. When this rescheduling was listed in table 12 of Brau and Williams (1983), no distinction was made between the terms offered for both public and private sector foreign debt.

The Dominican Republic rescheduled both public and private debt together in 1983 and 1985 (Brau and Williams (1983), Bradlow (1986)). A ceiling exists on the interest rate which private sector debtors can pay on their loans. These loans are also subject to a government imposed minimum term to maturity (IMF Exchange arrangements and Exchange controls (1986)).

In 1983, the private and public sector foreign debt of Ecuador was rescheduled with a six and seven year maturity respectively.

---

* The information contained in chapter 17C of Bradlow (1986) is consistent with it being an updated version of table 12 of Brau and Williams (1983).
Short term, medium term and long term private sector foreign debt was covered. (Brau and Williams (1983), Bradlow (1986), Reuters Textline: Financial Times (29/4/83), Latin American Weekly Report (19/12/83)). In return for obtaining better terms for private sector foreign debt, the central bank undertook to guarantee those debts (Holley (1987)). Private sector debtors were protected, through a preferential exchange rate, from losses which would have otherwise resulted from devaluation (IMF Exchange Arrangements and Exchange Restrictions (1986)). Hanna (1987) reports that a preferential exchange rate for debt repayments was introduced in Chile in order to prevent devaluation induced bankruptcy. Rieffel (1985) reports that in 1982, Mexico established a similar scheme. Later in this paper, the effectiveness of a Venezuelan scheme in fulfilling the same function is analysed.

Mexico rescheduled both public and private sector foreign debt together in 1987 (Reuters Textline: Latin American Weekly Report (27/8/87)). Repayments of both the principal and interest on private sector foreign debt were made at the official, rather than free market exchange rate. (IMF Exchange Arrangements and Exchange Restrictions (1986)).

In the Philippines, government, financial and corporate debt due between October 1983 and December 1986 were rescheduled at the same time. All the principal was rescheduled in each case. The terms for medium and long term public and financial sector debt were a 5 year grace period on principal repayments, followed by 10 years to maturity. The terms for short term corporate sector debt included a four year grace period for principal repayments followed
by a four year maturity. The terms for the restructuring of corporate
debt were not listed (Bradlow (1986)).

Cases in which the government has intervened in the
repayment private sector foreign debt on different terms
to that which applied to public sector foreign debt.

A large proportion of the Chilean financial sector collapsed as
a result of a combination of inadequate supervision and a deposit
insurance scheme. Many Chilean financial institutions failed to
adequately spread risks by lending large sums of money to related
firms. The legal maximum that not more than five percent of total
lending may be directed towards related firms was not enforced (Hanna (1987) page 142). The deposit insurance scheme provided for
domestic, but not overseas depositors.

In January 1983, Chile imposed a moratorium on private non-
financial sector principal repayments (not interest payments) until
the end of 1984. Chile guaranteed the overseas debts of the financial
sector in 1983 after international banks withdrew their trade
credits. Only the debts of the financial sector were nationalised.
Other commercial debt was unaffected (Hanna (1987) page 197).

In 1982 Mexico, through its regulatory arm Ficorca, offered a
guaranteed forward exchange rate for unguaranteed private sector
debt repayments if those private sector debt repayments were
renegotiated in a way that meant the principal was repaid over a
longer time period (Rieffel (1985), Holley (1987) Reuters Textline:
Financial Times 7/4/83). About $U.S. 2 Billion of this unguaranteed
private sector debt was owed to official creditors and had to be negotiated separately.

Brau and Williams (1983) and Rieffel (1985) report Nigeria as rescheduling its medium and long term unguaranteed private sector foreign debt in July and September of 1983 without rescheduling its public sector foreign debt.

Venezuela originally encouraged the private sector to engage in a voluntary renegotiation of its loans, through offering a preferential exchange rate for debt repayments (Reuters Textline: The Times (3/3/83)). The government froze repayments of private sector foreign debts in 1984 (Reuters Textline: Wall St Journal (5/9/84)) and subsequently reallocated them in 1986 after a long investigation by Recardi, the foreign exchange authority. Some debt was to be paid at the free market exchange rate, while other debts were to be repaid at more favourable regulated exchange rates (Reuters Textline: GAS Daily Risk Monitor (3/6/86)).

Venezuelan consumer inflation was moderate, averaging 19.1% during the period 1983-1987. During the same period, U.S. inflation averaged 3.7%. On the free market, the Bolivare depreciated an average of 32.1% per year against the $U.S. dollar. If domestic firms with borrowings denominated in $U.S. couldn't take immediate advantage of the devaluation, then their real repayments would have increased - thus causing stress.

If private sector debt was accrued during 1983 or before, then allowing private sector debt repayments at $U.S. 0.23 to the Bolivare means that the private sector firms have not suffered any nominal depreciation and have actually experienced a real appreciation.
This subsidy to Venezuelan public and private sector firms was reduced in December 1986 (IMF (1988)) when the value of the Bolivare for interest rate repayments was lowered to $U.S. 0.13. This nominal depreciation amounts to 14.9% per year. No real depreciation took place.

The existence of a special exchange rate for debt repayments can be rationalised as a mechanism for insulating domestic firms from movements in real exchange rates, once the exchange rate was lowered in December 1986. Before this date, the special exchange rate over compensated domestic firms for the effect of the devaluation.

At the same time as foreign creditors were disadvantaged, domestic firms which had borrowed abroad were being subsidised.

**What common features arise during debt reschedulings?**

Volume 1 of the World Bank Debt Tables (1992) lists the interest margins agreed to in multilateral debt relief agreements. The highest margin agreed to was 2 1/2 % above LIBOR for the rescheduled debt of Guyana. According to Sachs and Huizinga (1987), the 1983 round of reschedulings was conducted at 2% above LIBOR. In 1984-5, the spread was 1.2% above LIBOR. From then until 1987, the spread fell to 1% above LIBOR.

The interest rate charged on rescheduled debt has little connection with the perceived probability of default, which is approximated by the large discounts on the secondary debt market.
Up until October 1983, the general rule for I.M.F. debt restructurings was that private sector debt was included in the rescheduling of debt owed to official creditors (Brau and Williams (1983)). The only cases in which private sector debt was not included in the rescheduling of debt owed to official creditors, was if the private sector debtor was unable to meet its commitments, even if there were no restriction on obtaining foreign exchange. (Brau and Williams (1983)).

When debt to official creditors has been rescheduled, loans by multilateral development agencies are generally excluded from the process. (Brau and Williams (1983), Rieffel (1985)). Such agencies will extend new lending, rather than reschedule existing debts. In general, debt with a maturity of one year or less is also excluded from rescheduling in order not to impede the flow of trade financing.

Brau and Williams (1983) report that during the period from 1978 to October 1983, unguaranteed private sector debt was not usually rescheduled with public sector debt when the creditors were private sector banks. Unguaranteed private sector debt was included in only 7 of the 27 recorded reschedulings of debt owed to private banks by non-communist countries (Brau and Williams (1983)). In the other cases, only publically guaranteed foreign debt was rescheduled.

The figure of public sector foreign debt being included in only 7 of the recorded reschedulings underestimates the extent of government interference in repayments of private sector foreign debt. The reschedulings of Mexico, Venezuela and Argentina in 1983 are listed as only applying to the public sector. As mentioned
previously in the cases of Mexico and Venezuela, the government encouraged the private sector to reschedule its debts through making foreign exchange available for debt repayments and guaranteeing the exchange rate at which this debt repayment could take place. In the case of the 1983 rescheduling of debts owed by Argentina, the private sector wasn’t allowed any foreign exchange at all to repay its debts, unless it stuck to the government’s terms.

Brau and Williams (1983) figure of 7 occasions in which unguaranteed private sector foreign debt and public sector foreign debt were rescheduled together also ignores any other form of government interferences in private sector foreign debt, such as Argentina’s debt moratoria or Venezuela’s 3 tiered exchange rate system.

Those countries that have interfered in the repayment of unguaranteed private sector foreign debt account for the majority of such debt. The total debt of Argentina, Brazil, Chile, Ecuador, Mexico, Peru, Philippines and Venezuela accounted for 40.8% of the total $ U.S. 862 Billion in third world debt in 1984. Their unguaranteed private sector foreign debts accounted for 64.7 % of unguaranteed private sector third-world debt (World Bank (1992)). As mentioned in the previous sections, all of these countries with a large private sector foreign debt have interfered in the repayment of such debt.

The countries which intervene in repayments of private sector foreign debt are representative of highly indebted middle income countries with a significant unguaranteed private sector foreign debt. Analysing the rescheduling of the debt of middle income countries with a significant private sector is more relevant to
predicting the result of any hypothetical rescheduling of the debts of industrialised countries such as Australia and New Zealand, than is the example of the poor countries which have a less developed private sector.

The rescheduling of private sector debt does not always occur at the same time or under the same conditions as the rescheduling of public sector debts. However, sovereign interference in private sector debt repayments has been accompanied by problems in servicing publically guaranteed debts in all cases except that of Nigeria as was mentioned previously (Brau and Williams (1983)). If a private sector firm cannot repay its overseas debts because of foreign exchange controls imposed by its government, then legal responsibility for debt repayment in the courts of the creditor countries passes onto the government (Rieffel (1985) Reuters Textline: International Financial Law Revue (17/6/86)).

Most reschedulings of private bank debt were conditional on those banks reaching an agreement with the I.M.F. Such an agreement was required in all the cases in which unguaranteed private sector debt was rescheduled along with public sector foreign debt (Brau and Williams (1983)).
Conclusions

Debt rescheduling has the following stylised features. Firstly, these reschedulings are associated with low interest margins above the London interbank borrowing rate. These margins don't reflect the perceived probability of default as reflected by the deep discounts in the secondary debt market.

Secondly, when loans to official creditors are rescheduled, private debt is included with public debt, unless that private debt is in default with its payments in the domestic currency.

Thirdly, when rescheduling loans to private banks, most less developed countries have not included unguaranteed private sector foreign debt with publicly guaranteed foreign debt. However, those that have, account for most of the third world's unguaranteed private sector foreign debt. Interference in repayments of unguaranteed private sector foreign debt is associated with problems in repaying the public sector foreign debt.

Finally, in some countries with large private sector foreign debts, the government tries to obtain a rescheduling of such debt through offering a preferential exchange rate for debt repaid on its own terms. In these cases, private sector foreign debt isn't always explicitly listed as being included in reschedulings of the public sector's foreign debt, even though the government is voluntarily inducing private firms to allow it to interfere in their debt repayments.
Appendix
Is There a Default Risk Premium on
Australian Government Debt?

This appendix examines long term common currency interest differentials to see if there is a default risk premium on Australian debt. It finds that since 1990, Australia only paid an annual 0.4% premium above the IMF/World Bank in the Eurodollar market on its 7 year loans.

Frankel found that between 1982 and 1988, Australia paid a premium of 0.8% on its 3 month loans. This contrasts with his finding of an annual premium of 16.5% on Mexico's 3 month loans.

Short term interest rate differentials under covered interest parity.

Frankel (1989) tests the covered interest parity condition for 25 countries, 8 of which he defines as being less developed countries. Frankel measured the difference between the interest rate measured in the local currency and the Eurodollar 3 month interest rate. The Eurodollar 3 month interest rate is converted to a local currency rate through buying the local currency on the forward. The sample period stretched from September 1982 to April 1988.

Frankel finds that the negative interest differential is now extremely small for most countries without capital controls. This indicates that for all of the developed countries in the sample, there is no external cost associated with private sector foreign debt.
The only countries with a substantial covered interest differential were Greece, Mexico and Denmark, each of which the author has defined as being a closed country in terms of international capital movements. If the interest differential were due to risk premia, then these countries are the only ones for which private sector foreign debt could result in an external cost along the lines developed in Fane and Applegate (1992).

The estimated size of the annual rate of taxation on loans with a three month term, assuming that such a tax has been imposed, is the same as the annual interest differential. The optimal annualised rate of taxation for maturities with a three month duration are:

- **Mexico**: 16.5%
- **Greece**: 9.4%
- **Portugal**: 7.9%
- **Denmark**: 3.5%
- **Spain**: 2.4%
- **New Zealand**: 1.6%
- **Australia**: 0.8%
- **Japan**: 0%

If the interest differential reflected binding capital controls, rather than a default probability, then the shadow price of capital may be higher than the world interest rate, along the lines of the certainty model in Applegate (1992).
Default Risk premia on long-term debt.

The following data is derived from the Bloomfield financial markets package supplied by the Treasury. This package enables the examination of either a few countries in the Eurodollar market over time or the current market only hedged into any nominated currency using the forward exchange rate.

Credit Ratings for Long Term Debt

The sovereign credit ratings issued by both Standard and Poors and Moody's are listed in the table below. These credit ratings are supposed to take account of default risk and not currency risk. The Standard and Poors credit ratings are current as from November 1992. The Moody's credit ratings are current as at August 1992.

The ordering of the credit ratings issued by Standard and Poors is:- AAA, AA+, AA, AA-, A+, A, A-, BBB+, BBB, BBB-, BB+, BB, BB-
In addition, Standard and Poors sometimes issues an outlook for future movements in their credit rating.

The ordering of the credit ratings issued by Moody's is:-
AAA, AA1, AA2, AA3, A, Baa, Ba, B, Caa, Ca, C

Australia's credit rating on debt denominated in foreign currencies issued by Standard and Poors of (AA) lies in between that of Italy (AA+) and New Zealand (AA-). New Zealand's Standard and Poors credit rating puts it on a par with Ireland.

Australia's Moody's credit rating of AA2 for debt issued in foreign currencies puts it on a par with their ratings for Finland and Denmark.
Moodys ranks Australia ahead of New Zealand, Ireland and Italy which are all allocated a credit rating of AA3.

Both Moodys and Standard and Poors have a policy of giving a higher credit rating to debt which is issued in Australian government debt denominated in Australian dollars a AAA credit rating because of the Reserve Bank's ability to resort to inflationary finance in order to service the debt. If markets take note of this difference in the credit ratings between different currencies, then sovereigns should face a lower interest rate premia when borrowing in their own currency.

**Historical Eurodollar Data**

Bloomfield's data set enables us to look at different interest rates charged on the Eurodollar market on any nominated date after 1/1/90 for a handful of countries. The package plots and lists the term structure of interest rates each borrower is paying on its $U.S. dollar loans. Not all borrowers have debts issued over the same term.

In order to distinguish a default risk premium from market noise, the longest loan term has been chosen that is issued by enough countries so as to make a reasonable cross-country comparison. The chosen term is 7 Years. If the risk of default occurring in any one year of a loan increases with the duration of that loan, the optimal tax on capital inflow will also increase with the loan duration. This complication does not hold if the probability of default occurring in any given year is constant. The fact that there may be a different tax on capital inflow depending on the term for which that capital is
invested is a complication which is not raised in Fane and Applegate (1992), as the model used there is only a two period model.

**Historical 7 Year U.S. Eurobond yield per annum.**

<table>
<thead>
<tr>
<th>IMF/World Bank</th>
<th>Premium charged above this rate.</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Japan</td>
<td>United States</td>
<td>Australia</td>
</tr>
<tr>
<td>S &amp; P</td>
<td>AAA</td>
<td>AAA1</td>
<td>AA</td>
</tr>
<tr>
<td>S&amp;P Outlook (Stable)</td>
<td>(Stable)</td>
<td>(Stable)</td>
<td>(-ve)</td>
</tr>
<tr>
<td>Moodys</td>
<td>AAA</td>
<td>AAA</td>
<td>AA2</td>
</tr>
<tr>
<td>1/1/90</td>
<td>8.59%</td>
<td>0.09%</td>
<td>0.22%**</td>
</tr>
<tr>
<td>1/3/90</td>
<td>8.60%</td>
<td>0.23%</td>
<td>0.15%**</td>
</tr>
<tr>
<td>1/6/90</td>
<td>8.66%</td>
<td>0.25%</td>
<td>0.18%**</td>
</tr>
<tr>
<td>1/9/90</td>
<td>8.68%</td>
<td>0.12%</td>
<td>0.26%**</td>
</tr>
<tr>
<td>1/1/91</td>
<td>8.56%</td>
<td>0.34%</td>
<td>0.51%*</td>
</tr>
<tr>
<td>1/3/91</td>
<td>8.66%</td>
<td>0.07%</td>
<td>0.31%*</td>
</tr>
<tr>
<td>1/6/91</td>
<td>8.72%</td>
<td>0.08%</td>
<td>0.31%*</td>
</tr>
<tr>
<td>1/9/92</td>
<td>8.78%</td>
<td>0.06%</td>
<td>0.38%*</td>
</tr>
<tr>
<td>1/11/92</td>
<td>6.98%</td>
<td>0.11%</td>
<td>0.31%</td>
</tr>
<tr>
<td>1/3/92</td>
<td>7.09%</td>
<td>0.1%</td>
<td>0.32%</td>
</tr>
<tr>
<td>1/6/92</td>
<td>7.07%</td>
<td>0.1%</td>
<td>0.34%</td>
</tr>
<tr>
<td>1/9/91</td>
<td>7.12%</td>
<td>0.1%</td>
<td>0.28%</td>
</tr>
<tr>
<td>1/12/92</td>
<td>7.12%</td>
<td>0.11%</td>
<td>0.28%</td>
</tr>
<tr>
<td>1/1/93</td>
<td>7.09%</td>
<td>0.11%</td>
<td>1.11%+</td>
</tr>
</tbody>
</table>

* These bonds had an eight, rather than seven year maturity.

** These bonds had a six, rather than seven year maturity.

+ These figures seem to be unusually high.
Australia's credit rating was constant over the period considered above. Moody's having downgraded Australia's credit rating from AA1 to AA2 in August 1989 and Standard and Poors having downgraded Australia's credit rating from AA+ to AA in October 1989. Prior to 1986, Australian foreign denominated debt was rated at AAA.

Conclusions

Since 1990, Australia has paid an average of 0.55% per annum above the IMF/World Bank, 0.4% per annum above Japan and 0.25% per annum above the U.S. on its $U.S. borrowings. All of these borrowers were AAA rated. In addition, Australia consistently paid more than the AAA rated borrowers listed above on all $U.S. loans with terms of over 3 years. This indicates that the interest rate differential indicates default risk, rather than merely market noise.

Fane and Applegate (1992), used the Datastream package and found that there was no consistent default risk premium for long term Australian government debt. However, the analysis of Fane and Applegate (1992) covered the time period from 1987 to 1989 in which Australian was rated at AA1 by Moody and AA+ by Standard and Poors.

EPAC (1992) estimates that the downgrading of the Australian government's credit rating from AA1 to AA2 has added about 0.15% to the interest rate that Australia pays on its overseas borrowings.

The small differentials found in this appendix are consistent with such a finding.
Bibliography

Applegate, Craig
"An External Cost Arising From Private Sector Foreign Debt"
Paper presented at the 21st conference of Economists
Melbourne July 1992

Bradlow (Ed) "International Borrowing:
Negotiating and Structuring International Debt Transactions"
Chapter 17C International Law Institute: Second Edition 1986

Brau, E and Williams, R.C.
"Recent Multilateral Debt Restructuring with Official and

EPAC
"Australia's External Constraint in the 1990's"

Fane, George and Applegate, Craig
"The Social Cost of Foreign Debt in the Presence of Sovereign
Default Risk" A.N.U. C.E.P.R. Discussion Paper No 280
December 1992

Frankel
"Quantifying International Capital Mobility in the 1980's"

Hanna, Donald Porter
"Heads I Win: Tales of the Chilean Financial System"
PhD Disertation: Harvard University September 1987 Page 197

Holley H.A.
"Developing Country Debt: The Role of the Commercial Banks"
Chattam House Papers No 35 1987

Hope, N.
Representing the World Bank in a Roundtable Discussion on
"International Financial Risk" Journal of International Money
and Finance (1986) Vol 5 pp166-169
International Monetary Fund
"Exchange Arrangements & Exchange Restrictions"
Annual Report 1986

Mudge, Alfred
"Sovereign Debt Restructuring: A Current Perspective"
Chapter 10 in :- Suratgar , David ( Editor )
"Default and Rescheduling :
Corporate and Sovereign Borrowers in Difficulty"

Ozler and Huizinga
"Bank Exposure, Capital and Secondary Market discounts on
Developing country debt."

Pitchford, John
"A Sceptical View of Australia's Current Account and Foreign
Debt Problem" Australian Economic Review
pp 5..14; Second Quarter 1989

Rieffel, Alexis
"The Role of the Paris Club in Managing Debt Problems"
Essays in International Finance ( Princeton University )
No 161, December 1985

Standard and Poors
"Creditweek " January 4 1993

Walker, Mark and Buchheit, Lee
Chapter 17B "Legal Issues in the Restructuring of Commercial
Bank Loans to Sovereign Borrowers"
in Bradlow (Ed) "International Borrowing:
Negotiating and Structuring International Debt Transactions"
International Law Institute Second Edition 1986

World Bank
"World Debt Tables" Volumes 1 and 2 ( 1992 )
Discussion Papers, which are free of charge, are available from The Publications Officer, Centre for Economic Policy Research, Research School of Social Sciences, Australian National University, Canberra ACT 0200. (Tel: (06)2492247; Fax: (06) 2573893). A full list of papers is available on request. Photocopies of out of print papers can be supplied at a charge of $10.00 each.

1992

261 Blundell-Wignall, Adrian

262 Pitchford, John
Current Account Deficits, External Liabilities and Economic Policy.

263 Pitchford, John

264 Wallis, Kenneth F.

265 Dwyer, Larry and Peter Forsyth
The Case for Tourism Promotion: An Economic Analysis


266 Paper 1: Dwyer, Terence
Consumption Tax: A Solution or New Problems?

267 Paper 1: Quiggin, John
Borrowing, Saving and Taxation

268 Paper 1: Bollard, Alan
New Zealand's Experience with Consumption Tax

269 Paper 2: Wood, Alan
Lessons from New Zealand
269  Paper 1: Murphy, Chris
GST and the Inflation Rate
Paper 2: Piggott, John
The Consumption Tax Conference: Summary and Assessment

270  Applegate, Craig
The Australian Foreign Debt Debate

271  Chapman, Bruce J. and David Pope
Government, Human Capital Formation and Higher Education

272  Bourassa, Steven C. and Patric H. Hendershot
Over-Investment in Australian Housing: Implications for Tax Policy

273  Hawke, Anne
How Do Australian Part-Time Workers Compare to Their United States Counterparts?

274  Chapman, Bruce J, P.N. Junankar and Cezary A. Kapuscinski
Long Term Unemployment: Projections and Policy

* 275  Dowrick, Steve
A Review of New Theories and Evidence on Economic Growth: Their Implications for Australian Policy

* 276  Quiggin, John
Food and the GST

277  Dowrick, Steve and John Quiggin
International Comparisons of Living Standards and Tastes: A Revealed Preference Analysis

278  Forsyth, Peter
Public Enterprises: A Success Story of Microeconomic Reform

279  Apps, Patricia
Impact of the Fightback! Tax-Mix Change on Working Families

280  Fane, George and Applegate, Craig
The Social Cost of Foreign Debt in the Presence of Sovereign Default Risk

281  Makin, Tony
Open Economy Measures of Wealth and Hicksian Income: The Australian Example

1993

282  Forsyth, Peter; Dwyer, Larry; Burnley, Ian and Murphy, Peter
The Impact of Migration on Tourism Flows to and from Australia

283  Pitchford, John
Trade Price Shocks and Insulation: Australia's Experience with Floating Rates

284  Chapman, Bruce, J
285 Chapman, Bruce J. and Peter N. Smith
Predicting the Long-Term Unemployed: A Primer for the Commonwealth Employment Service

286 Applegate, Craig
Sovereign Interference in Private Sector Foreign Debt. Examples in the 1980's

287 Chapman, Bruce J. and Ann Harding
Australian Student Loans