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# CAPTURING THE DISCOUNT: TOWARDS A DEBT FACILITY AT THE BANK AND THE FUND*

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# I. INTRODUCTION

1. From a Latin-American point of view, perhaps the most important recent evolution of the debt crisis is the increasing acceptance of the idea that the appropriation by the debtor countries of the deep discounts at which their debts are being traded in the secondary New York market is not only possible but may also offer a promising avenue for the resolution of the debt overhang problem.

2. In fact, market discounts increased enormously in the last few years, with the deepest cuts occurring last year, as shown in Table 1. More recently, there is a tendency towards price stabilization, with average discounts for the most important Latin debtors in the 30-65 percent range.

3. If an average 50 per cent discount were applied to all long term Latin American debt to private creditors (an estimated $232 billion, or 35 per cent of Latin America's GNP in 1987), the total net external debt of the region (an estimated $353 billion, or 53 per cent of Latin America's GNP) would fall by one third. Provided that private net capital inflows remained unaffected, the resulting decline in interest payments - an estimated $10 billion per year - would amount to a reduction of about 1.5 per cent of GNP of the financial transfers of the region to abroad. Combined with an increase in the internal savings rate of 1.25 per cent of

GNP, and an expansion of official external credits of .75 per cent of GNP (or $5.0 billion per year), this would allow fixed investment to increase from the current 17.5 to 21 per cent of GNP, thus permitting Latin America to resume growth at the rate of 5 per cent per year [1].

4. The previous calculations suggest that two conditions need to be satisfied, for a scheme 'to capture the discount' to have a decisive impact on the growth perspectives of Latin America. First, net official capital inflows should be stepped up, and private capital inflows maintained at current levels. Second, complementary domestic resource mobilization - i.e., a higher domestic savings rate - should be an integral part of the scheme. In other words, additional domestic adjustment efforts and a collaborative international framework are necessary complements for the success of a sheme 'to capture the discount'.

The next section discusses the alternatives that are open to individual debtor countries 'to capture the discount' through direct offers to its private creditors. Section 3 reviews the possibilities and the problems associated with the creation of an international debt facility. Conclusions are summarized in the final section.

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[1] The figures for the above calculations are from the World Bank and the IMF, as presented in the annex tables to Edgardo Barandiaran, "The adjustment process in Latin America's highly indebted countries" (Washington, DC: World Bank, March 1988, processed). The estimated incremental capital output ratio of about 4 is much lower than the average for the eighties, but slightly higher than in the 1965/81 period.

## II. `CAPTURING THE DISCOUNT': NATIONAL INITIATIVES

5. A major economic difficulty for `capturing the discount' either directly or through international means should be pointed out at the outset: it cannot be done through purely market oriented means. Currently, the market value of Latin America debt is about 45 cents on the dollar. But, in the measure that the outstanding debt is reduced by a buy-back or a swap scheme, this market value will naturally increase, reflecting the increased probability that the remaining debt will be punctually serviced. Hence, only a small fraction of the outstanding debt would be voluntarily redeemed at prices close to those currently prevailing in the secondary market.

6. The reason is that any individual creditor has a clear incentive to stay put, because the market value of her claims would increase in the measure that others creditors accept to trade their claims at a discount. Thus, creditors will need to face an `all or nothing' choice in order to be collectively induced to sell their claims at current market prices. For example, creditors would have to be told that `old' claims, which are not sold out or swapped by `new' claims, would be serviced at only 45% of its previous contractual value. This, however, would clearly be an event of default, raising the possibility that any payment made by the debtor through the international payment

mechanisms would be subject to the the legal claims of the creditors. Less drastically, in case of discounted debt swaps, the `new' claims could be given explicit seniority over the `old' claims, i.e., debt retained by the private creditors would be subordinated to the new discounted claims - but this decision might also raise thorny legal problems, and, in any case, could not be applied in case of cash buy-backs.

7. By themselves, countries have a number of alternatives to try `to capture the discount': buy-back schemes, debt-for-securities swaps, debt-for-equity swaps (of which debt-for-domestic currency swaps are an important subset), and debt-for-export swaps. Their characteristics are discussed in the following, but, from the point of view of providing sufficient debt relief, all have strong limitations which might however be overcome through the intervention of an official international agency.

8. Buy-backs refer to schemes by which the country buys its debts back from the banks for cash in US dollars (or the currency of denomination of the original debt).

9. Debt-for-securities swaps are schemes by which the debtor country swaps its debts with the banks for new securities, normally denominated in the same convertible currency as the old debts.

10. Debt-for-equity swaps refer to schemes by which the debtor country buys its debts back from the banks - or from a third party which had previously bought the debts from the banks in the secondary market with US dollars - with domestic currency, which is then invested, as equity, in domestic firms in the debtor countries. Debt-for-local currency swaps may be considered a subset of these, which skip the last operation. They involve the exchange by the central bank of local currency for a foreign debt claim. Domestic residents can thus buy their country's debt in the secondary market using expatriate capital or foreign currency acquired in the parallel market.

11. Debt-for-export swaps refer to schemes by which a prospective importer buys a debtor country debt from the banks in the secondary market with US dollars, and then redeems this debt in the domestic currency of the debtor country, using the proceedings of this redemption for payment of exports from this country. Alternatively, the original creditor itself may intermediate the exports of the debtor country, receiving the dollar payments from the importer and `paying' the country at least partially through the cancellation of a portion of its original debts.

12. Apart from the technical difficulty discussed in paragraph 5, buy-backs also face some legal difficulties, related to the

`sharing clauses' in syndicated credits, that specify that all participants in the credit should share in eventual buy-backs. Thus, a waiver of these clauses would have to be obtained from the original creditors before such an scheme could be implemented. But the most important problem with buy-backs is that typically a debtor country will not have sufficient international reserves to make an appreciable dent on its debt overhang. Hence, significant cash buy-backs would have to be financed by international sources, as in the recent case of Bolivia [2].

13. To provide significant debt relief, debt-for-security swaps would have to incorporate discounts approximating those in the secondary market. But, in this case, banks would not have any incentive to do the swap. This was illustrated by the failure of the `exit bonds', introduced by Argentina in its 1987 rescheduling agreement with the banks, as the present value of the bonds was then approximately equal to the cash value of Argentina's debts in the secondary market [3].

14. More generally, banks would be interested in voluntary exchanges of this type only in the measure that the expected market price of the new securities were higher than the observed

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[2] With funds provided by official donors, Bolivia expects to repurchase about half of the debt owed to banks at 11 cents on the dollar.

[3] The `exit bonds' offered by Argentina were 25 year 4 percent bonds, providing exemption from future new lending.

secondary market prices of the old debt. This effectively denies the possibility of significant debt relief through voluntary debt-for-equity swaps, unless guarantees on future payments are provided by a third party, with an unblemished credit rating, such as the World Bank. But the failure of Mexico, in capturing a significant discount in its recent debt-for-security swap offer, even in face of its pledge of US government bonds as a guarantee of principal payments, illustrates the point that financial gimmicks cannot remove the fundamental economic difficulty discussed in paragraph 5, to fully capture the discount through voluntary means. Given the opportunity, major creditors will opt to stay out of a swap scheme at current market prices, in the expectation that this scheme will increase the market value of their original claims.

15. Debt-for-equity swaps change the nature of the obligation of the debtor country - from debt to equity, which might in principle be advantageous to the debtor - but not its total foreign liabilities, unless mechanisms are devised - as in the Chilean and Brazilian auction systems - to share the market discount between investors and debtor country. Indirectly, these swaps may also end being just a complicated buy-back scheme, in the measure that they replace foreign investment in hard currency, or facilitate 'round tripping' through the official foreign exchange market [4].

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[4] An indirect cash buy-back would happen when, for example, a subsidiary of a multinational corporation in the debtor country legally repatriates capital in US dollars through the official foreign exchange market, which is then used by its headquarters to buy discounted debt in the New York secondary market, to be

16. A fiscal problem emerges as a consequence of debt-for-equity swaps, when - as it has frequently been the case in Latin America - public sector external debt is swapped either for cash or for equity in the domestic private sector. From the perspective of the government accounts, external debt is being redeemed before maturity (as redefined by the rescheduling agreements with the banks) without the creation of a corresponding source of finance. If the budget is not adjusted, either the money supply will have to increase or the internal debt to expand. Simply keeping the external debt in the government books may turn out to be less costly than either alternative. Privatization programs, involving the sale of public enterprises shares to foreign investors would be a way out of the fiscal problem, but this may raise difficult political problems.

17. Debt-for-exports swaps, finally, may be considered as a third best export promotion mechanism for sectors with excess capacity but unable to compete externally (and which would otherwise have to be subsidized by the government), but are hardly a viable mechanism to achieve significant debt reduction.

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swapped for additional equity investment in that same subsidiary. After all rounds, the debtor Central Bank finds itself with less external debt and lower foreign exchange reserves. `Round tripping' may also occur with illegal US dollar remittances through the parallel foreign exchange market, which have the effect of increasing the premium of the parallel over the official exchange rate, thus inducing - through underinvoicing of exports and overinvoicing of imports, for example - a reduction in the supply of foreign exchange in the official market.

18. This brief review suggests that the alternatives open to debtor countries 'to capture the discount' through unilateral, market oriented actions are limited. International action is clearly required to provide the cash and/or the guarantees for the discounted debt repurchases and/or swaps, and to induce the original creditors to collectively accept 'all or nothing' swap offers without creating a legal nightmare.

## III. TOWARDS AN INTERNATIONAL DEBT FACILITY

19. Recently, an influential and comprehensive proposal to solve the debt problem was offered by James D. Robinson III, Chairman of the American Express Company. He proposed the creation of an Institute of International Debt and Development (I2D2) [5]. This would be a joint venture of the IMF and the World Bank, funded by major developed country governments, which would negotiate with creditor banks to purchase their third world loans at a discount in exchange for its own obligations. These discounts would then progressively be passed on to the debtor countries governments, in the measure that they "would agree to implement economic and financial policies that lead to growth, open markets and build creditworthiness".

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[5] Cf. James D. Robinson, "A Comprehensive Agenda for LDC Debt and World Trade Growth". A speech before the Overseas Development Council. Washington, DC: February 29, 1988.

20. A key feature of Robinson's proposal is that I2D2 credits would be subordinated to all new debt issued. That means that new loans would have a prior claim on resources over debt purchased and owned by I2D2. This subordination step is intended to be a key factor in opening up new sources of credit for the country. Free riders would not be allowed. All sovereign bank debt owed by a contracting debtor country would have to be acquired by I2D2. Banks that choose not to participate would be offered lower yielding exit bonds, or would be required by regulators to mark down the loans to market value without the special regulatory treatment benefitting participating banks.

21. Sovereign bank debt of the seventeen rescheduling countries covered by the Baker Plan is about $250 billion. If I2D2 ultimately acquired all of that debt, at an estimated value of 60% of face, $150 billion of I2D2 securities would be needed in the exchange. Splitting this into $125 billion of consols and $25 billion of participating preferred stock, Robinson finds that the Institute could be supported by $12.5 billion in equity capital raised from the sponsoring governments. The equity capital would serve as a reserve, and it might be paid in or callable.

22. In their statement on the ocassion of the April 1988 meetings of the Interim and Development Committees, the G-7 Ministers explicitly repudiated attempts at a comprehensive

solution of the debt overhang problem, as that proposed by James Robinson, and reiterated their continuing support for `muddling through' the debt crisis with the case-by-case approach [6]. But the fact is that there is an increasing tendency both at the World Bank and the IMF to search for more innovative solutions to the debt overhang problem.

23. The reason is that `debt fatigue' is taking its toll everywhere. For example, in its March 18, 1988, letter to the Chairmen of the Interim and Development Committees, says Horst Schulmann, Managing Director of the Institute of International Finance (a Washington-based think-tank of the international private banking community):

> "...banks have encountered growing strains in the concerted lending process...there are increasing difficulties in agreeing new loans and gaining widespread participation. Concern exists about the safety and soundness of the loans, their tenor and pricing, the allocation of the burden among lenders, and the capital cost of having to make provisions...for creditors, too, there must be some `light at the end of the tunnel'."

Schulmann's bottom line is that "if new bank lending is to come forth in adequate amounts, ways must be found to provide measurable credit enhancement," through explicit World Bank guarantees. The provision of such guarantees is in fact one of the main demands of Japanese and European banks in the package of

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[6] Cf. "Group of 7 statement - Ministers stress exchange rate stability, oppose global debt-forgiveness plans", IMF Survey, April 18, 1988, p. 116.

US$5.2 billion in new money currently being negotiated with Brazil.

24. The World Bank in turn is increasingly worried about the prospective expansion of its commitments in the highly indebted medium income countries. To sustain growth in the range of 4-5 percent per year in these countries, the Bank estimates the need for commercial banks financing in the range of at least $6-9 billion per year. This compares with net flows over the past three years of less than $4 billion per year, which was concentrated on a few large countries and part of which was in the form of interest arrears. The Bank correctly doubts that the sharp decline in concerned new money packages is likely to be reversed, particularly for some of the smaller countries. Prospects are in fact that all countries will continue to experience serious difficulties in mobilizing support from commercial banks.

25. The failure by the heavily indebted countries to secure adequate financial relief from private banks and other sources creates difficult problems for the World Bank. First, because the adjustment programs supported by the Bank becomes underfunded, and hence, the risk of breakdowns of debt service increases. Second, because the Bank's share of total debt service rises over time, thus weakening the capacity of the borrower to respect the preferred creditor status of the Bank. Hence, to maintain the quality of its loan portfolio, the Bank has a strong interest in

helping ensure that countries secure adequate financial relief from other creditors. The Bank thus anticipates that it will need to play a more extensive and diversified catalytic role in two areas: new money packages and debt reduction schemes.

26. However, the difficulties of ensuring new money packages for all but the largest debtors are probably unsurmountable. The wisdom of insisting with new money packages for the largest debtors may also be questioned. Although some proved capable of generating sizable trade surpluses, in many the fiscal situation is hopeless and inflation rampant, and in none sustainable growth is within sight. Under these circumstances, the most productive catalytic role for the Bank may be to facilitate a consensual reduction in existing debt service rather than a further addition to the debt stock.

27. The main difficulty here is the reaction of the commercial banks. A number of commercial lenders may now be prepared to grant financial relief to middle income countries the commercial debts of which represent a relatively small degree of exposure in relation to these banks' capital and/or provisions. But some of them are concerned about the "contagion" of their negotiating position in the major debtor countries, were they to agree to grant financial relief in other countries.

28. According to The Economist, commercial bank creditors seem to be split roughly in two camps on this issue [7]. On one side are American regional banks, the big Swiss and German banks and most of the Japanese who want and can afford to write off or sell off their third world loans. On the other side are the big American money-center banks who still cannot afford to refuse new loans to the large debtors or to write off old ones. U.K. banks seems to be in a similar position to that of the U.S. money center banks. For instance, The Economist calculates that if Chase Manhattan were to sell its entire Latin portfolio of about $6.7 billion of loans, it would have to take a loss of at least 30-40% of that at current secondary-market prices. That loss would be six times the bank's 1986 post-tax profit and not far short of its entire common equity capital.

29. Increasing provisioning of the type that Citibank started in May last year could be an answer. In fact, some American banks continued to increase provisions on their third world debts. Chicago-based Continental Illinois and First Chicago, Pittsburgh-based Security Pacific and San Francisco-based Wells Fargo all increased their loan-loss reserves against third world debt to around 50% in 1987. But New York-based banks are hard put to match that. For example, as indicated in Table 2, it would cost Citibank $3.5 billion - or 47% of its common equity - to double the 25 %

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[7] Cf. The Economist, A Survey of International Banking, 3/26/1988, p. 9.

provisions it made against its third world loans last year. Moreover, banking supervisors both in the United States and the United Kingdom are worried about the effect that competitive provisioning may have on the stability of their largest banks, and have in fact advised the banks against making "excessive" provisions against their loans to third world countries, which - according to Mr. Robin Leigh-Pemberton, Governor of the Bank of England - would "send misleading signals to the debtors themselves [8]."

30. The sensible alternative to additional provisioning is suggested by the The Economist: -

> "One way or another, the big banks are going to be pushed into reducing the stated value of their third-world exposures. How can they do that if, as at Chase or Manufacturers Hanover, their capital and earnings are too weak to bear the write-offs and reserves ? The best answer is to be taken over. To buy Chase now could cost about $60 a share, or $4.8 billion. Under the rules for takeover accounting, selling off assets like third-world debt could help pay for the acquisition [9]."

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[8] Cf. "Timely warning to the banks", Financial Times, 2/5/88. It is apparently because of a behind the scenes advise from the New York Federal Reserve Bank that both Bankers Trust and J.P. Morgan, the strongest New York money-center banks, decided not to follow America's biggest regional banks and increase their reserves on third-world debt. Cf. "New York banks hang together", The Economist, 1/23/1988, p. 70

[9] Cf. The Economist, A Survey of International Banking, 3/26/1988, p. 38.

## IV. CONCLUSIONS

31. The same developments that are frustrating the new money packages contemplated in the Baker Plan are also opening doors for more innovation with respect to alternative consensual forms of financial relief. But this is not going to be an automatic process. The main difficulty seems to be the incapacity of a handful of very important international banks to withstand the losses in their third world exposure which are indicated by the secondary market prices. In an effort to protect these banks, which are technically bankrupt, bank regulators both in the U.S. and the U.K. are attempting to prevent their banking systems from building up reserves in sufficient amounts to be able to sell off their third world loans at current market discounts. This, more than the costs of funding an international debt facility, seems to be the main stumbling block on the way to a comprehensive solution to the debt overhang problem.

32. This conclusion is strengthened by the following reasoning. With a 50% average reduction in their their debt obligations, indebted countries would in general be able to service the remaining 50%. They would thus have a strong incentive to adjust, as this would result in additional growth for themselves, rather than in additional debt repayments for the banks. Agreement with the World Bank and the IMF on policy packages could thus be reached much more easily than at present -

as these institutions would cease to be viewed in the third world as debtor collector agencies for the commercial banks. Financial mechanisms could also be devised by which the debtor countries themselves would take up some of the risk of non-payment of their own obligations [10].

33. Under these circumstances, the operation of an international facility, combined with conditionality and other arrangements, could substantially reduce the risk of low payouts, hence, also reducing the capital needs of the facility perhaps below the $12.5 billion calculated by James Robinson [11]. Moreover, once the debt facility is established, some of the large debtors - like Brazil, Mexico, and Venezuela - in the interest of regaining quicker access to market-base lending, may opt to offer the banks better direct deals than those granted by the facility, as anticipated by Stanley Fischer before joining the World Bank [12].

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[10] Mexico style collateralization, using World Bank bonds rather than U.S. Treasury bonds, would be an example. But even if the debtor country is cash-poor, the World Bank is now exploring the possibility of providing partial guarantees on a largely self-financing basis (and hence using little or no shareholder capital), by which the Bank would charge a premium for the guarantee approximately equal to the present value of its obligation. The premium would be refunded to the borrower if the guarantee were not called.

[11] In his proposal, James Robinson acknowledges the possibility of other insurance based approaches, which might be "more readily acceptable, and less costly, than the I2D2 proposition I've just outlined." Another interesting recent proposal, attempting to minimize initial capital contributions to a debt facility, is Arjun Sengupta, "A proposal for a debt adjustment facility - draft for discussion". Washington, DC: International Monetary Fund, 3/8/1988, mimeo.

[12] Cf. Stanley Fischer, "Sharing the burden of the international debt crisis," American Economic Review, May 1987.

This alone could reduce the prospective contingent liabilities of the debt facility by one half or more. Thus, it is unrealistic to argue that it is the need for the commitment of huge sums of taxpayers' money the reason for the G-7 opposition to the creation of an international debt facility.

34. The debt facility would in fact transfer risks from the private sector to the international institutions and the creditor governments. However, this would be achieved at a relatively low cost, given the level of debt relief that the banks would provide, and the positive incentives to adjust that the debtors would face. Thus, it is as a minimum strange that the G-7 would raise this objection in its April 1988 comunique, because pursuing the Baker Plan will inevitably require the extension of World Bank guarantees to ensure the completion of the new money packages. The volume of these guarantees might be lower than under the debt facility, but the risks of non-payment by debtors much higher. Hence, it is not at all clear that the contingent liabilities of the international institutions and the creditor governments under an enhanced Baker Plan would be smaller than under a debt reduction program.

35. In view of the strong G-7 opposition, proposals as James Robinson's International Institute for Debt and Development, to establish a full-fledged new institution to buy back the third world debt, are probably discarded for the moment. But it may not

be necessary to create a brand new agency for this purpose. Setting up a Debt Reconstruction Facility jointly at the World Bank and the IMF - patterned on the experience of the World Bank's Structural Adjustment Lending and the IMF's Structural Adjustment Facility - is perhaps all that is needed to design and oversee the orderly implementation of debt reduction on a case-by-case basis[13].

36. The final decision to set-up this Debt Facility at the Bank and the Fund is in the hands of the industrial countries. But political pressure to reach this objective should be a priority item in the agenda of the debtor countries in general and of the Latin American Council in particular.

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[13] For similar points of view, see Jeffrey Sachs and Harry Huizinga, "U.S. commercial banks and the developing-country debt crisis", Brookings Papers on Economic Activity, 2, 1987: 555-601; and Roy Culpeper, The Debt Matrix. Ottawa, Canada: The North-South Institute, April 1988.

**TABLE 1**

MARKET PRICES FOR DEVELOPING COUNTRY DEBT

(AS A PERCENTAGE OF FACE)

| COUNTRY | JUL 85 | JAN 86 | JUL 86 | JAN 87 | JUL 87 | JAN 88 | JUL 88 |
|---|---|---|---|---|---|---|---|
| Argentina | 60–65 | 62–66 | 63–67 | 62–65 | 46–49 | 30–33 | 27–31 |
| Brazil | 75–81 | 75–81 | 73–76 | 74–76.5 | 58–61 | 44–47 | 49–53 |
| Chile | 65–69 | 65–69 | 64–67 | 65–68 | 67.5–69.5 | 60–63 | 57–60 |
| Colombia | 81–83 | 82–84 | 80–82 | n.a. | 81–83 | 62–65 | 62–65 |
| Ecuador | 65–70 | 68–71 | 63–66 | 63–65.5 | 45–47 | 33–37 | 30–33 |
| Mexico | 80–82 | 69–73 | 56–59 | 54–57 | 55–57 | 50–52 | 49–52 |
| Peru | 45–50 | 25–30 | 18–23 | 16–19 | 10–12 | 2–7 | 5–8 |
| Philippines | n.a. | n.a. | n.a. | 72–76 | 68.5–71 | 50–52 | 48–52 |
| Poland | 55–60 | 50–53 | 42–45 | 41–43.5 | 42–44 | 42–44 | 42–44 |
| Romania | 85–89 | 91–94 | 86–89 | 86–89 | 86–89 | 81–83 | 78–81 |
| Venezuela | 81–83 | 80–82 | 75–78 | 72–74 | 70–72 | 55–57 | 53–55 |
| Yugoslavia | 74–77 | 78–81 | 75–78 | 77–81 | 73–75 | 53–55 | 44–47 |

SOURCE: Shearson Lehman Brothers Inc.

TABLE 2

BALANCE SHEET ITEMS OF NEW YORK MONEY CENTER BANKS
(at September 30, 1987)
in US$ billion

| Items | Bankers | Chase | Chem-ical | Citi-corp | Man-Han | Morgan |
|---|---|---|---|---|---|---|
| Total assets | 56.9 | 100.5 | 78.0 | 200.0 | 75.3 | 78.0 |
| Common Equity | 2.6 | 3.9 | 2.1 | 6.8 | 2.1 | 4.6 |
| Total LDC outstanding | 4.0 | 8.7 | 5.9 | 14.0 | 9.2 | 5.4 |
| Total reserves | 1.3 | 2.8 | 2.1 | 4.8 | 2.7 | 1.7 |
| LDC reserves | 1.0 | 2.0 | 1.4 | 3.5 | 1.9 | 1.4 |
| LDC non accrual loans | 0.6 | 2.5 | 1.1 | 3.7 | 1.5 | 1.3 |
| <u>Effect of increasing LDC reserve to 50% of outstanding loans</u> | | | | | | |
| Reserve hike | 1.0 | 2.4 | 1.6 | 3.5 | 2.7 | 1.3 |
| % equity loss | 38 | 71 | 86 | 47 | 131 | 27 |

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Source: The Economist, 1/23/1988, p. 70. Original source: Wertheim Shcroder.

**TEXTOS PARA DISCUSSÃO**

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150. Abreu, M.P. e W. Fritsch; "GSP Graduation: Impact on Major Latin American Beneficiaries".

151. Franco, G.H.B.; "Fiscal 'Reforms' and the Ends of Four Hyperinflations".

152. Carneiro, D.D.; "The Cruzado Experience: An Untimely Evaluation After Ten Months/1".

153. Amadeo, E.J. e A.K. Dutt; "The Neo-Ricardian Keynesians and the Post-Keynesians".

154. Modiano, E.M.; "The Cruzado Plan: Theoretical Foundations and Practical Limitations".

155. Franco, G.H.B.; "Política de Estabilização no Brasil: Algumas Lições do Plano Cruzado".

156. Neto, A.F.; "Problemas do Controle Monetário no Brasil".

157. Abreu, M.P. e W. Fritsch; "G-5 Policies, Credit Availability and Latin American Growth".

158. Bacha, E.L.; "Do Acordo de Plaza à Moratória Técnica: os Tortuosos Caminhos da Renegociação da Dívida Externa Brasileira, 1983-87".

159. Franco, G.H.B.; "The Rentenmark 'Miracle'".

160. Moggridge, D.E.; "Problems in the History of the International Economy since 1870: the Gold Standard".

161. Correa do Lago, L.A.; "Investimentos Diretos no Brasil e a Conversão de Empréstimos em Capital de Risco".

162. Moraes, P.B.; "Keynes and the Role of Monetary Policy in a Stabilization Program".

163. Werneck, R.L.F.; "Public Sector Adjustment to External Shocks and Domestic Pressures in Brazil, 1970-85".

164. Moggridge, D.E.; "On Editing Keynes".

165. Modiano, E.M.; "Necessidade e Dificuldade de um Novo Cruzado".

166. Modiano, E.M. e W. Fritsch; "A Restrição Externa ao Crescimento Econômico Brasileiro: uma Perspectiva de Longo Prazo".

167. Franco, G.H.B.; "Um Modelo para a Adoção de Indexação em Condições de Alta Inflação".

168. Amadeo, E.J.; "Multiplier Analysis".

169. Amadeo, E.J.; "Expectations in a Steady State Model of Capacity Utilization".

170. Bacha, E.L.; "Project Analysis and Income Distribution: Notes on the IDB/ OECD Conference".

171. Modiano, E.M.; "Plano Cruzado: a Primeira Tentativa".

172. Feinberg, R.E. e E.L. Bacha; "When Supply and Demand don't Intersect: Latin America and the Bretton Woods Institutions in the 1980s".

173. Modiano, E.M.; "O PIB em 1987: Expansão, Recessão ou Estagnação?".

174. Bacha, E.L.; "Escaping Confrontation: Latin America's Debt in the Late Eighties".

175. Werneck, R.L.F.; "Um Modelo de Simulação para Análise do Financiamento do Setor Público".

176. Amadeo, E.J.; "Controversies over the Equilibrium Position in Keynes's General Theory".

177. Amadeo, E.J.; "Teoria e Método nos Primórdios da Macroeconomia [IV]: Hicks e o Difícil Compromisso entre Tempo e Equilíbrio".

178. Franco, G.H.B.; "Direct Investment in Brazil: Its Role in Adjustment and Emerging Issues".

179. Carneiro, D.D.; "Heterodoxia e Política Monetária".

180. Modiano, E.M.; "Repasses Mensais X Reajustes Trimestrais".

181. Bacha, E.L.; "Moeda, Inércia e Conflito: Reflexões sobre Políticas de Estabilização no Brasil".

182. Corrêa do Lago, L.A.; "Economic Relations of Brazil and the European Economic Community in the Post-War Period: a Historical Perspective and the Present Situation".

183. Modiano, E.M.; "Novo Cruzado e Velhos Conflitos: o Programa Brasileiro de Estabilização de 12 de Junho de 1987".

184. Franco, G.H.B.; "Assimetrias Sistêmicas sob o Padrão Ouro".

185. Fritsch, W. e G.H. Franco; "Investimento Direto: Teoria e Evidência Empírica".

186. Moraes, P.B. e L. Serven; "Currency Substitution and Political Risk: México 1978-82".

187. Abreu, M.P. e W. Fritsch; "Obstacles to Brazilian Export Growth and the Present Multilateral Trade Negotiations".

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