

Index

- acceleration clauses 313, 274
- access
 - limits 317
 - policy 281, 282–3
- accountability in decision-making 332–3
- Acuerdos Fiscales*, Argentina 115
- adjustable peg exchange rate
 - change to 169
 - drawbacks of 213–14
- aggregation, collective action clauses 71, 76, 286–7, 316–17
- American Bankers Association (ABA) 288
- American Depositary Receipts (ADRs) 156
- Anglo-American world
 - ‘fear of fixing’ 230
 - floating exchange rates 235
- anti-Semitic policies 202
- Argentina
 - access to IMF resources 328
 - capital account liberalization 154–6
 - capital crisis 57, 59–60, 335
 - capital outflows 137
 - collective action clauses 88, 287
 - creditor groups 83
 - currency boards 209–10
 - currency crisis 2, 4, 55, 214, 272, 317
 - debt 80
 - debt restructuring 56, 131, 294, 309
 - dollarization 44
 - exchange rate regime 210, 211
 - foreign borrowing 148
 - G7 intervention 346
 - IMF package 59–60
 - public debt 99–105
 - special drawing rights 21
 - threats of default 280
- Asia
 - capital controls 63–7
 - capital flows 63
 - centralization 36, 38–40
 - debt crises 56
 - domestic capital markets 87
 - IMF representation 22
 - see also* Bangladesh; China; East Asia; Hong Kong; India; Indonesia; Japan; Kazakhstan; Korea; Malaysia; Pakistan; Philippines; Singapore; South Asia; Sri Lanka; Taiwan; Thailand; Vietnam
- Asian Crisis (1997–98)
 - aftermath 2, 10, 13, 200
 - bailouts 202
 - causes of 140, 141, 335
 - contagion effects 139, 161
 - effects of 157
 - IMF package 55, 57, 58–9, 83, 135
 - role of G7 329, 336
- asset
 - sales, policing of 146
 - value, preservation of 285
- assets, collateralisation of 267
- Association Nationales des Porteurs Français de Valeurs Mobilières 82
- Australia
 - debt 80
 - exchange rate regime 209
 - membership of G7 336
- Austria, capital flows 201
- bad luck defaults 264–5
- Bagehot, Walter 282
- balance of payments crises 12
- Baltic States, exchange rate regime 211
- Bangkok International Banking Facility 138, 159
- Bangladesh
 - capital account liberalization 161
 - exchange rates 141

- Bank for International Settlements (BIS) 34, 35
- Bank of Canada 43, 44
- Bank of England 232, 312–13
- Bank of Japan 234–5
- banking
 - crises 69, 214, 310–11
 - flows 200, 215
- bankruptcy analogy, sovereign debt 310
- bankruptcy proceedings
 - purpose of 275–6
 - reform of 287–8
- banks
 - foreign exchange positions of 146, 216
 - ‘free-rider’ behavior 92, 94
- Banque de France 308, 319
- basket pegs 210, 213
- Basle Committee 35, 151–2, 153
- bearer bonds 316
- ‘beggar-thy-neighbour’ policies 9, 57
- best practice 89, 218
- Bhagwati, Jagdish 200
- ‘bipolar view’ 207–9
- bond
 - contracts, modification of terms 77–9
 - documentation, standardization of 314
 - exchanges, emerging economies 73–6
 - issues, use of trustees 315
 - markets, creditor coordination 274
 - restructuring 69–70
- bonded debt 115
- bondholders
 - difficulties in negotiating 316
 - post restructuring claims 70
- bonds, swapping of 286–7
- Bontes*, Argentina 116
- borrowing, prohibition on 277
- Bosnia, exchange rate regime 211
- Brady
 - bonds 73, 75, 102
 - plan 92–3, 155
- Brazil
 - access to IMF resources 328
 - capital account liberalization 157–8
 - capital controls 143–4
 - capital crisis 57, 60–61, 329, 335
 - capital inflows/outflows 137, 138
 - collective action clauses 70, 71, 88, 308, 313–14, 318–19
 - crisis management 279
 - currency crisis 55, 214
 - debt 80
 - devaluation 156
 - exchange rates 141
 - foreign borrowing 148
 - opposition to SDRM 289
 - special drawing rights 21
- Bretton Woods Institutions (BWIS) 326–7
 - accountability 332–3
 - efficiency/effectiveness 328–30
 - legitimacy 327–8
 - quotas and voting share 330–31
 - representation 331–2
- Bretton Woods System (1944)
 - breakdown of 10–11, 19, 230, 231
 - creation of 57
 - exchange rate parities 9, 227
 - fixed exchange rates 238, 239
 - gold exchange standard 229
 - opponents of 288
 - triumphs of 168–9, 271
- Buchheit, Lee 315
- Bulgaria
 - collective action clauses 70
 - exchange rate regime 211
- Calvo, Guillermo 278
- Camdessus, Michel 73, 337
- Canada
 - currency of 44–9
 - debt 80
 - exchange rate regime 209
 - financial integration 31
 - relationship with US 42
- Canje de Deuda Provincial*, Argentina 103, 117
- capital account convertibility (CAC) 207–8
 - and fixed exchange rates 209–11
 - and floating exchange rates 211–13, 216, 217
 - and intermediate exchange rates 213–14, 218
- capital account crises 14, 214, 282–3

- exceptional access 283, 317–18
- risk of 11–12
- capital account policy 135–9
- capital accounts, liberalization of
 - Africa 161–3
 - developed countries 139–40
 - East Asia 158–60
 - Latin America 155–8
 - Middle East 161
 - by region 154–5
 - South Asia 160–61
 - trend towards 135–8, 199–200, 278
- capital controls 142–6, 152–3, 199–204
 - encouragement of foreign borrowing 147–52
 - in relation of GDP 63
 - review of experience 154–63
 - role and form of 139–46
 - timing of 63–7
 - trends in capital account policy 135–9
 - see also* developing countries, exchange rates and capital controls
- capital flight 93, 144, 202
- capital flows 199–204
 - emerging markets 58–9, 147–8, 289
 - imbalances 58
 - Malaysia 137
 - perversity of 215
 - South Africa 249, 250
- capital market policies, interdependence with exchange rate policies 183
- capital outflows, reversal of 58
- catalytic official finance (COF) 278–80, 289, 311–12
- central banks
 - emerging market economies 251
 - inflation targeting by 252
 - as lender of last resort 33–4
 - money targeting by 212
 - policing of offshore markets 146
 - regulation of deposits 232–3
- Central Europe, capital flows 202
- centralization, international monetary system
 - Asia 38–40
 - emerging market economies 40–41
 - Europe and the EMU 36–8
 - financial sector consolidation 33–4
 - inevitability of 42–9
 - optimum policy considerations 32–3
 - role of IFIs 34–6
- Chile
 - capital account liberalization 154, 156–7
 - capital controls 144, 146, 153, 200, 216
 - capital inflows/outflows 137–8
 - special needs of 40–41
- China
 - capital account liberalization 139, 158
 - capital controls 200, 216
 - capital flows 202, 204
 - crony capitalism 142
 - exchange rates 141
 - IMF representation 343
 - integration of 4
- Cleary Gottlieb 315
- closed economies, fiscal policy in 210
- ‘Club of New York’ 319
- co-financing, Argentina 114–15
- coalition governments, effects of 177
- Coase theorem 132
- Cobertura*, Argentina 117
- code of good conduct (CGC), sovereign debt 284, 286, 308
 - conditions and incentives 303–4
 - features 298–9
 - general principles 300–303
 - restructuring 294–8, 304–5, 319
- Coficiente de Estabilización de Referencia* (CER), Argentina 102–3, 117
- Coficiente de Variación Salarial* (CVS), Argentina 102–3, 117
- Cold War 202
- collateralized debt obligations (CDOs) 131
- collective action
 - problems, bond restructuring 294–5
 - provisions 77–9
- collective action clauses (CACs) 313–14, 318–19
 - aggregation problems 286–7
 - desirability of 283–4
 - introduction of 70–79, 88, 122, 307–8

- opposition of financial community 288
- pessimism about 264
- recent developments 296–7
- Cologne Report 335, 336
- Colombia
 - capital account liberalization 157
 - capital inflows/outflows 137, 138
- commercial banks
 - debt 115, 116
 - loans 93–4
- Commission of Enquiry into the Monetary System and Monetary Policy in South Africa (1984) 240, 241, 256
- common currency, case for 32–3
- competitive devaluations 9
- conditionality, loans 9
- consensus procedure, IMF 330
- conservative policy actions on deflationary pressures 39–40
- Constitution of South Africa 252
- Consultative committees, debt restructuring 119–20
- contagion effects 12, 93, 253
- ‘contractual approach’ to debt restructuring 296
- contractual subordination, debt seniority through 267–8
- Cooper report 342
- cooperation in decision-making 333–4
- Corporation of Foreign Bondholders Act (1898), UK 82
- costs, of capital controls 145
- costs of debt crises
 - endogenous default costs 263–5
 - exclusivity problem 265–7
 - explicit seniority in sovereign debt 267–9
 - historical accident and inertia 261–3
- Cote d’Ivoire, capital account liberalization 163
- Council of Foreign Bondholders (CFBH) 81–2
- Council on Foreign Relations 308
- country ownership, policy adjustments 17–18
- coupon-bearing bonds 89
- crawling bands/pegs 213, 214
- credibility of IMF 16
- credit
 - flows 215
 - rights, legal system for 116–17
- creditor
 - banks, behaviour of 312–13
 - committees 79–83
 - composition 94
 - coordination 69, 274
 - holdouts 120
 - litigation, stay on 285
 - moral hazard 273–4, 313
 - rights 72, 286
- creditor countries, representation in decision-making 344–5
- creditor/debtor coordination 296–7
- creditors
 - herd behavior 93–4
 - IMF conflict of interest 285
 - legal action by 297
 - priority across 268
- creditworthiness 93
- crises
 - changing nature of 91–5
 - cost of 261–9
 - transmission of 12
- crises in emerging markets 55–7, 83–4
 - use of capital controls 63–7
 - collective action clauses 70–79
 - creditor committees 79–83
 - floating exchange rates 60–61
 - solutions of IMF 57–60, 67–70
- crisis management, success stories 279
- crisis resolution
 - decision-making in 329
 - policies 13–14
 - progress to date 307–8
- crisis-vulnerability hypothesis 214, 216, 217
- crony capitalism 141–2, 201
- cross-border capital flows 82–3
- currencies, collapse of relationship among 231
- currency boards 39, 44–6, 59–60, 141, 210, 211, 255
- currency crises
 - avoidance of 211
 - considerations 32–3
 - vulnerability to 214
- currency unions
 - Canada/UK 42–3

- scepticism of 228
- currency versus banking debate 233–4
- current account crises 12–13, 283
- Customs Agency 44–5
- cut-off dates, debt 113, 116–17
- Cyprus, representation in decision-making 344
- Czech Republic, capital flows 202
- data dissemination standards 19
- debt
 - build-up of 216
 - clusters, valuation mechanism for 118
 - figures 125–8
 - flows 215
 - holders, dilution of claims 265–6
 - instruments, issuing of 88–9
 - markets, incomplete contracts problem 265–7
 - repudiations 264–5
 - resolution process 90–93
 - service schemes, essential elements 108–9
 - structures 264
 - tolerance 139–40
 - tranches 131–2
- debt restructuring 113–22, 129
 - objectives 95–6
 - process 96–8
- debt structuring
 - debt classes 91, 113–17
 - debt incentives 118–22
 - timing of 96–7
 - see also* costs of crises; sovereign debt restructuring
- debt sustainability 105–13
 - analyses of, IMF 318
 - assessments 19
- debtor behaviour, monitoring of 268–9
- debtor countries
 - dangerous debt paths 280–81
 - opposition to SDRM 289
 - representation in decision-making 344–5
- debtor moral hazard 273–4, 313
- debtor–creditor
 - coordination 97–8, 308–9, 319
 - relationships 277
- ‘debtor-in-possession financing’ 280, 285
- debtors
 - political nature of 278
 - protection of 275–6
 - treatment of 276–7
 - willingness-to-pay problem 263–4
- decision-making criteria 326
- default costs 265–7
 - for borrowing countries 277–9
 - elevation of 69
 - reduction of 280–81
- defaulted bonds 316
- democracy and economic stability
 - 168–70, 189–90
 - discussion 187–9
 - policy choice and speculative attacks 171–82
 - policymakers in democracies 182–7
 - sample and variable descriptions 191–3
- democratization, ‘third wave’ of 170
- Denmark, entry into EMI 36–7
- Depository Trust Company, US 316
- devaluations, avoidance of 57
- developed countries
 - ‘bipolar view’ 209
 - capital account liberalization 139–40
 - capital controls 216
 - floating exchange rates 213
 - representation in decision-making 331
 - tax information-sharing agreements 143
- developing countries
 - ‘bipolar view’ 208, 209
 - capital account liberalization 136–7
 - cost of bank borrowing 151
 - economic instability in 170–75
 - investment in 147–8
 - long-term capital flows to 150
 - representation in decision-making 342–3
- developing countries, exchange rates and capital controls
 - exchange rate regimes and role of IMF 217–18
 - fixed exchange rate plus CAC 209–11

- floating exchange rate plus CAC
 - 211–13
 - 'Impossible Trinity' and bipolar view
 - 206–9
 - India 219–22
 - intermediate exchange rate regime
 - plus CAC 213–14
 - intermediate exchange rate regime
 - plus capital controls 215–17
 - direct monetary controls, South Africa
 - 239–40
 - discount bonds 75
 - disinflation 62
 - dollarization 42–9, 210, 255
 - Domestic Applicable Law, Argentina
 - 116
 - domestic financial markets,
 - susceptibility to external shocks
 - 33
 - domestic financial systems, stability of
 - 12
 - domestic insolvency procedures,
 - international analogue to 275–6
 - domestic law, debt issued under 72
 - domestic policies
 - changes to 16
 - lack of confidence in 11–12
 - 'domestic precommitment strategy',
 - adoption of 235
 - domestic sovereign debt markets 86–8
 - domestic tax base, preservation of
 - 143
 - dual exchange rate system, South
 - Africa 241–2, 243
 - East Asia
 - capital account liberalization
 - 154–60
 - exchange rate regimes 210, 220
 - economic growth, emphasis on 14
 - economic stability and democracy
 - 168–70, 189–90
 - discussion 187–9
 - policy choice and speculative attacks
 - 171–82
 - policymakers in democracies 182–7
 - sample and variable descriptions
 - 191–3
 - Ecuador
 - bonds 316
 - debt restructuring 69, 73–6, 94, 309
 - exchange rate regime 211
 - effectiveness, IMF 16
 - Egypt
 - capital account liberalization 161
 - collective action clauses 70, 284
 - debt 80
 - debt default 83
 - electoral enfranchisement, effects of
 - 172–5, 176, 178–9, 181–90
 - Electricity Generating Authority,
 - Thailand 78
 - 11th September 2001 202
 - emerging market credits (EMCs) 131
 - emerging markets (EMEs)
 - 'bipolar view' 209
 - capital flows to 147–8, 200, 202–3,
 - 215
 - debt crises 335
 - effects of international commodity
 - prices 251
 - financial stability in 253, 336
 - national economies of 36
 - representation in decision-making
 - 331, 340, 342–3
 - role capital controls 144, 250–51
 - special needs of 40–41, 334
 - emerging markets (EMEs), crises in
 - 55–7, 83–4
 - use of capital controls 63–7
 - collateralized debt obligations
 - 131–2
 - collective action clauses 70–79
 - creditor committees 79–83
 - effects of capital account
 - liberalization 140, 142
 - effects of pegged currencies 141
 - floating exchange rates 60–61
 - solutions of IMF 57–60, 67–70
 - surfeit of inflows 137
 - view on SDRM 289
- Empires of the Sand; The Struggle for

 - Mastery of the Middle East
 - 1789–1923 80*
- endogenous
 - default costs 263–5
 - politician problem 233, 234
- engagement clause, collective action
 - clauses 314
- Eurobonds 74, 75, 316

- Europe
 - capital flows 215
 - centralization 36–8
 - exchange rate regimes 213
 - floating 235
 - governance role 340, 341, 343–5
 - labour market flexibility 20
 - monetary union 271
 - and SDRM 287
 - socially responsible investment 150
 - see also* Austria; Baltic states; Bosnia; Bulgaria; Central Europe; Cyprus; Czech Republic; Denmark; France; Germany; Greece; Hungary; Netherlands; Russia; Spain; Sweden; Turkey; Ukraine; United Kingdom; Western Europe
- European Central Bank (ECB) 36, 233, 234
- European Monetary Union (EMU) 35, 36–8, 209, 212, 228, 234
- European Union
 - BWI representation 330, 337
 - use of collective action clauses 284
 - political integration 271
 - representation in decision-making 331–2, 343–5
- exceptional access, capital account crises 283, 317–18, 328
- exchange controls, South Africa
 - gradual removal of 250–51
 - liberalization of 248–50
- exchange rate and monetary regimes, effectiveness of
 - floating exchange rates 254–5
 - floating versus exchange rate stability 255–6
 - inflation targeting 251–4
 - liberalization of exchange controls 248–50
 - removal of exchange controls 250–51
- exchange rate and monetary regimes, four phases of
 - direct monetary controls 239–40
 - formal inflation targeting 246–8
 - informal inflation targeting 242–6
 - market-oriented measures and monetary targeting 240–42
- Exchange Rate Mechanism (ERM) 214, 230
- exchange rate parities, Bretton Woods 10–11
- exchange rate policy, interdependence
 - with capital market policies 183
- exchange rate regimes 141, 169–70, 176–9
 - debate on 15
 - role of IMF in developing countries 217–18
 - see also* developing countries
- exchange rate stability 171–2
 - versus floating 255–6
- exchange rate system, mature economies 227–9
 - monetary independence 231–6
 - and the trilemma 230–31
- exchange-rate targeting 227, 228
- exclusivity problem, default costs 265–7
- exit consents, bonds 75–6, 121, 287
- explicit seniority
 - old debt 266–7
 - sovereign debt 267–9
- export credit guarantee agencies (ECAs) 148, 149, 152–3
- exports, South Africa 251–2
- Extended Fund Facility, IMF 9, 11
- external
 - debt problems, delays in recognition of 278
 - governance, IMF 22–5
 - payments regime, India 219–22
 - shocks 33, 252
- financial crises
 - nature and speed of 57
 - spread of 1–2, 12
- financial institutions, concentration of 33
- financial market liberalization 40–41
- financial markets
 - hollowing-out of 47–8
 - legal structure of 56
- financial restructuring, failure to encourage 20–21
- financial sector
 - consolidation 33–4

- opposition to institutional reform 288–9
 - stability 19
- Financial Sector Assessment Program (FSAP) IMF 19, 35
- Financial Stability Forum (FSF), IMF 12, 23, 35, 324
- financial support, IMF 21
- financial system, prudential supervision of 141
- financing, emerging markets 80–81
- financing tools, increasing number of 89
- First World War 42, 80, 169, 231
- fiscal
 - deficits, Argentina 99–100
 - policies, credibility of 228
 - weakness, effects on debt crises 140
- fixed exchange rate regimes
 - characteristics essential for 255
 - plus CAC 209–11
 - speculative attacks on 178
- floating exchange rate regimes
 - change to 169, 173–4
 - in developing countries 212–13
 - effectiveness of 60–61, 254–5
 - plus CAC 211–13
 - ‘shock absorber’ role of 10
 - speculative attacks on 179–81
 - versus exchange rate stability 255–6
- floating, fear of 177, 213, 230
- Fondo Fiduciario de Desarrollo Provincial* (FEDP), Argentina 103
- Foreign Bondholders Protective Council, US 82
- foreign borrowing, measures to encourage 147–52
- foreign currency bonds 116
- foreign direct investment (FDI) 200, 215
- foreign exchange (FX)
 - denominated debt 60, 62, 70, 83–4
 - denominated loans 61–2
 - denominated liabilities 58, 62
 - linked debt 56
 - reserves 57, 59
- foreign exchange reserves holdings 186–7
- Foreign Sovereign Immunities Act, US 76
- formal inflation targeting, South Africa 246–8
- France
 - capital flows 202, 203, 204
 - speculative attacks 201
- free trade agreements 42
- Friedman, Milton 202, 232
- G3 216, 233
- G7, governance role of 324–5, 329–30, 333–8, 340–41, 344, 345–7
 - involvement with Russia 202
 - policies of 2
 - role of 23, 24–5
 - support of collective action clauses 284, 305
- G8 333, 334
- G10 151–2, 275, 283–4, 288, 296–7, 302, 307, 318, 333
- G11 329, 333
- G20 23–6, 324–5, 333–4, 336–7, 340, 346
- G22 336
- G24 23
- G33 336
- ‘Gang of Six’ 307, 308, 319
- General Borrowing Agreements, IMF 334
- Germany
 - capital flows 201, 202
 - exchange rate regime 234
 - gold standard 231
 - law 78, 79
- global capital markets
 - impact of IMF policies 55–6
 - rapid expansion of 11
- global crises, causes of 174
- global economy
 - integration of 30, 36–41
 - opening up of 2
 - structural rigidities 31
- Global Positioning System, US 203
- globalization 87–8
- gold standard 229
 - breakdown of 230–31
 - modification of 232
- gold-exchange standard
 - effects of 228
 - replacement of 169, 229
- governance, IMF 21–2

- European representation 343–5
- Executive Board 341–3
- informal groups 345–7
- international developments 340–41
- international financial architecture 339–40
- governance, international financial system 323–5, 337–8
- Bretton Woods Institutions (BWS) 326–33
- informal groups 333–7
- parameters 325–6
- Government of National Unity, South Africa 243
- governments
 - pursuit of policies 17
 - short-term borrowing requirements 88–9
- Great Depression 199, 201, 231, 274
- Greece 69
- gross domestic product (GDP), capital flows in relation to 53
- Guatemala, exchange rate regime 210
- Gulf states 203
- Haberler, Gottfried 199
- history and inertia paradigm, debt restructuring costs 261–3
- holdout investors 75, 94
- Hong Kong
 - capital account liberalization 158, 160
 - economic performance 39
 - exchange rate regime 59, 141
- hot money flows 199, 216
- Hungary, debt 80
- Ibrahim, Anwar 65
- Il Principe* 340
- ‘Impossible Trinity’ 171, 206–9, 219, 230–31
- incentives, debt structuring 118–22
- incomplete contracts problem, debt markets 265–7
- ‘independent managed floating’, South Africa 239
- indexed debt 117
- India
 - capital account liberalization 139, 160–61
 - capital controls 200, 216
 - exchange rates 141
 - external payments regime 219–20
 - future direction 221–2
 - regime performance 220–21
 - response to ‘Impossible Trinity’ 219
- Indonesia
 - banking crisis 310
 - capital account liberalization 158–60
 - capital flows 58–9, 202
 - crony capitalism 141
 - currency crisis 214
 - exchange rates 63
 - foreign borrowing 148
- industrialized countries, representation in decision-making 331, 333–4
- inflation targeting
 - mature economies 212, 227, 228–9, 232, 233–4
 - South Africa 251–4
- informal inflating targeting, South Africa 242–6
- informal groups, role in international governance 325, 333–7, 340–41, 345–7
- information covenant, collective action clauses 313–14
- Institute for International Economics 68
- Institute of International Finance (IIF) 288
- institutional reform 281–2
 - collective action clauses 283–4
 - IMF access policy 282–3
 - SDRM 284–6
 - stumbling blocks 286–9
- integration of capital markets 168, 171–2
- Inter-American Development Bank (IADB) 147, 148, 149
- inter-war years
 - devaluation and protectionism 57
 - exchange rate systems 230
- interest rate policy 234–5
- interest rates on local bills (GKOs) 63–4

- Intergovernmental Conference (IGC),
European Union 343–4
- intermediate exchange rate regimes
plus CAC 213–14
plus capital controls 215–17
speculative attacks on 178–81
trend towards 173–4
- international
capital flows, systemic risk from
57
clearing systems 316
economic policy choice 171–5,
182–5
- International Conference on Financing
for Development, Monterrey,
Mexico (2002) 325, 331
- International Court of Justice, The
Hague 35
- international environment,
distinguishing features 276–81
- international financial architecture
339–40
changes in 266–7
debate on 272–6
IMF's role in 22–5
reform of 264, 265
relevance of IMF 7–26
shortcomings of 261–3
- international financial institutions
(IFIs) 1–3, 34–6, 113–14, 202,
203, 323–38
implications of sovereign debt
market 86–9, 298
role of 34–6, 301
status of 91, 92, 93
- international financial markets,
reintegration of South Africa
244–5
- international financial stability, role of
G7 335–7
- international financial system,
governance of 323–5, 337–8
Bretton Woods Institutions (BWS)
326–33
informal groups 333–7
parameters 325–6
- international financial system, need for
reform 1–4
- International Monetary Convention
Project 1–4
- International Monetary and Financial
Committee (IMFC) 71–2, 283,
294, 298, 309
- International Monetary Fund (IMF)
access limits 307, 309, 310, 317
access policy 281, 282–3
Argentina package 59–60
Article I 8–9,
Article IV 18–19, 319
Article VI 273, 341–2
Articles 15, 68–9, 135, 199, 268,
346
Asian package 58–9
and capital account restrictions
172–3
changing role of 10–15, 57–8
and code of good conduct 301,
303
creation of 1, 57, 169
current approach to lending 61–2
debt sustainability analyses 318
default risk protection 278–9
developing country policy stance
217–18
exceptional circumstances clause
282, 283
future role of 15–25
governance 326–35, 339–40, 343–7
interest rates on loans 280
internal processes 296
as international supervisor 35
as lender of last resort 41, 272–4
lending powers of 41
'mission creep' 324
move to collection action clauses
70–79
non-sovereign crises 310–11
original role of 8–9
as privileged lender 113, 285
pseudo-liquidity crises 311–12
reporting of exchange restrictions
137
role in developing country exchange
rate regimes 218–19
and SDRM 67–70, 284–6, 298,
314–15
short-term loans 58
as substitute for risk taking
280–81
surveillance 317

- sustainability analyses 318
- Turkish package 59–60
- International Monetary Fund (IMF),
 - governance issues
 - European representation 343–5
 - Executive Board 341–3
 - informal groups 345–7
 - international developments 340–41
 - international financial architecture 339–40
- International Monetary Fund (IMF)
 - role in emerging
 - market crises 55–7, 83–4
 - use of capital controls 63–7
 - collective action clauses 70–79
 - creditor committees 79–83
 - floating exchange rates 60–61
 - solutions of IMF 57–60, 61–62, 67–70
- international monetary system
 - 30–32
 - Asia 38–40
 - centralization of 32–49
 - consolidation in financial sector 33–4
 - emerging market economies 40–41
 - Europe and the EMU 36–8
 - optimum currency considerations 32–3
 - role of IFIs 34–6
 - search for new equilibrium 1–4
- International Organization of Securities Commissions (IOSCO) 35
- international policy choice 175–82
- International Primary Market Association (IPMA) 314
- International property rights, enforcement structure 276–7
- international sovereign debt markets 86–8
- intra-creditor coordination, sovereign debt restructuring 308–9
- investor
 - confidence 96
 - holdouts 94
 - moral hazard 61–2
 - reaction to SDRM 76–7
- Iran, morality of lending 204
- Iraq War 203, 204, 253
- Japan
 - debt structuring 114
 - economic performance 38–9
 - exchange rate regime 209
 - financial restructuring 20
 - law 78
 - stagnation in 234–5
- Kaldor, Nicholas 233–4
- Kazakhstan, collective action clauses 70
- Kenya, capital account liberalization 162
- Keynes, J.M. 199, 231, 232, 233, 234
- Korea
 - capital account liberalization 158–9
 - capital controls 65, 140
 - capital flows 58–9, 203
 - crisis management 279
 - crony capitalism 141
 - currency crisis 214
 - exchange rate mechanisms 63, 64
 - IMF representation 22
- Krueger, Anne 67–8, 284, 285
- Kuwait, capital flows 203
- largely liberalized capital flows (LL) 137
- last resort lending 311
- Latin America
 - capital account liberalization 154–8
 - capital controls 142, 201
 - cash flows 58
 - debt crises 56, 60, 69, 83, 318
 - debt defaults 81
 - debt restructuring 309
 - exchange rate regimes 211
 - foreign borrowing 147
 - opposition to SDRM 289, 329
- Lebanon, collective action clauses 70, 284
- legal
 - action, creditors 297
 - protection, defaults 278–9
- legitimacy
 - BWI 327–8
 - G7 335–6
 - IMF 16, 17, 22, 340
- lender of last resort (LOLR) 33, 41, 215, 272–4, 279, 282

- lending
 - activities, IMF 21
 - inappropriate discouragement of 151
 - morality of 203–4
- less-developed countries, special needs of 40
- Letes*, Argentina 116
- liberal environments, capital controls in 138–9
- liberalized capital flows (L) 137
- liquidity crises, resolution of 310–12
- litigation, sovereign debts 76–7
- local currency bonds 116
- London, financial markets 33, 288
- long-term trade credit 149
- low-income countries, representation in BWI 331

- Maastricht Treaty 233
- Machiavelli, Niccolò 340
- macroeconomic
 - fundamentals 140
 - performance 230
 - stabilization policies 18
- macroeconomic policies, inconsistency with exchange rate parity 182
- majority amendment clause, collective action clauses 318–19
- majority *enforcement* provisions (MEPs) 78–9
- majority *restructuring* provisions (MRPs) 78
- Malaysia
 - capital account liberalization 158–60
 - capital controls 63, 64–6, 67, 140, 146, 200, 216
 - capital flows 58, 137, 202
 - crony capitalism 201
 - currency crisis 56, 214
 - exchange rates 141
- market impediments, Europe 38
- market-oriented measures, South Africa 240–42
- Martin, Paul 337
- mature economies, correlation with developing countries 151–2
- mature economies, exchange rate system 227–9
- monetary independence 231–6
 - and the trilemma 230–31
- Mexico
 - bonds 82
 - capital account liberalization 154
 - capital controls 144
 - capital flows 202
 - collective action clauses 70, 71, 88, 284, 297, 305, 308, 313–14, 318–19
 - crisis management 279
 - currency crisis (1994–95) 67, 140, 214, 271, 335
 - debt 80
 - opposition to SDRM 289
- Middle East, capital account liberalization 154, 161
 - see also* Egypt; Gulf states; Iran, Kuwait; Lebanon; Qatar
- minority creditors 68, 120
- mission creep 14, 15, 324, 327
- Modigliani–Miller theorem 273
- monetarism 232
- Monetary Authority of Singapore 139
- monetary independence, theory and practice of 231–6
- monetary policy
 - domestic priorities of 143, 169
 - effect on prices 234
 - effects of security environments 202
 - electoral influences on 176–7
 - flexibility in 255
 - independence in 171–2, 213–14, 216, 227, 228
 - and inflation 56
 - one-size-fits-all approach 38
 - South Africa 243–6
 - stimulation of economy 235
 - transparency of 253–4
- Monetary Policy Committee, South Africa 253, 254
- Monetary Policy Forums, South Africa 254
- Monetary Policy Reviews, South Africa 254
- monetary sovereignty, surrender of 209, 210
- monetary targeting, South Africa 240–42

- money, demand for 233–4
 moral hazard 61–3, 67, 202, 215,
 273–4, 288, 312–13
 Morocco, capital account liberalization
 161
 multilateral development banks
 (MDBs) 103, 104, 113–14, 115,
 148–9, 152
 multiple equilibria 58
 multivariate model of speculate attacks
 178–82
 Murray–Powell Study 46–7
- ‘narrow liquidity trap’ 235
 national currencies, disappearance of
 30–31, 36
 national economies
 Asia 38–40
 emerging market economies (EMEs)
 40–41
 Europe 36–8
 national governments, backing of IMF
 21–2
 Nazi Germany 144, 201
 net present value (NPV) 73, 76, 97,
 108–10, 116, 118
 Netherlands, IMF representation
 344–5
 New Arrangements to Borrow (NAB)
 313
 ‘new money approach, debt crises 92
 New York
 financial markets 33, 221, 288, 318
 law 69, 70, 297, 314, 318
 law bonds 70, 71
 non-performing assets (NPAs) 222
 non-privileged debt status 113–14
 non-sovereign crises, resolution of
 310–12
 North Africa, capital account
 liberalization 154, 161
see also Morocco
 North America
 economic relationship within 42
 financial integration 31
see also Canada, Mexico, United
 States
 North Atlantic Treaty Organization
 (NATO) 202
 Nurkse, Ragnar 199, 230
- O’Neill, Paul 77
 Obstfeld-type currency 176
 official bilateral credits 72
 official sector capital flows 13
 offshore markets
 policing of 146
 pressures in 65
 offshore trading, banning of 64
 old debt, seniority of 266–7
 open economies, floating exchange
 rates in 212–13
 ‘open-economy trilemma’ 227–8
 optimum currency considerations
 32–3
 Organization for Economic
 Cooperation and Development
 (OECD) 23, 143, 155, 230, 233,
 235
 overborrowing/overlending 278
- Pagarés*, Argentina 116, 117
 Pakistan
 capital account liberalization 161
 debt restructuring 69, 73–6, 94
 exchange rates 141
 Panglossian view 265
 Par bonds 75
 parallel multilateral financing,
 Argentine 114–15
 Paris Club 69, 74, 75, 115, 117, 302–3
 Paris Stock Exchange 82
 partly repressed capital flows (PR)
 137
 Past Due interest bonds (PDIs) 75
 payment capacity, assessment of
 105–13
 pegged exchange rate regimes
 decline of 173–4
 emerging markets 59–60
 and flexibility in monetary policy
 255
 speculative attacks on 179–81
 Peru, capital account liberalization
 154, 156
 pesoified guaranteed loans (GLs) 102,
 103, 116, 117
 Philippines
 collective action clauses 88
 exchange rates 141
 Poisson model 175, 178, 181

- policy
 - adjustments, country ownership of 17–18
 - advice, IMF 18–22
 - choice 182–7
 - independence, surrendering of 31–2
 - process, democracies 168–9
- Policy Development and Review Department, IMF 20
- policymakers
 - behaviour of 182–7
 - pressures on 176–7
- policymaking, transparency of 182
- portfolio
 - equity investment 215
 - flows 200
- Portfolio Committee of Finance, South Africa 254
- post-crisis financing mechanisms 131–2
- post-cut-off date debt 117
- poverty reduction, emphasis on 14
- ‘Prague framework’ 294
- presidential government systems 182
- private
 - capital flows, rapid expansion of 11, 12–13
 - creditors, opposition to SDRM 287
 - investors, enforcement powers of LOLR 279
- private sector involvement (PSI) initiative 73
- privileged debt status 113–14, 116–17
- pro-debtor insolvency regimes 275–6
- Programma de Financiamiento Provincial Ordemado*, Argentina 115
- promissory notes 116, 117
- proportional representation (PR) institutions 177, 181
- protectionism, avoidance of 57
- provincial debt 115, 116
- Provincial Development Fiduciary Fund (FFDP), Argentina 115
- prudential regulation structures, developing countries 215, 216
- public sector debt,
 - Argentina 59–60, 99–105
 - failure of resolve 97
 - public sector institutions, anti-cyclical role of 149–50
 - public spending, pressure for 176
- Qatar, collective action clauses 70, 284
- qualified majority voting, collective action clauses 313
- quantity theory of money (QTM) 232
- Quarles Report 296, 318
- quasi-currency board regimes 59–60
- reinsurance of guaranteed risk 149
- Reinventing Bretton Woods Committee 1
- reparations, Iraq invasion 203–4
- Reports on the Observance of Standards and Codes (ROSCs), IMF 19, 35
- representation
 - decision-making process 330–32
 - IMF 342–7
- repressed capital flows 137
- Reserve Bank of Australia 70
- Reserve Bank of New Zealand Act (1989) 233
- Reserve Bank, South Africa 239, 241–3, 245–8, 250–54
- retroactivity, collective action clauses 286–7
- Rey Group 284–5
- Rey Report, G10 283–4, 288, 318
- risk
 - concentration of 21
 - guarantees 149
 - management, growing sophistication of 89
- Rubin, Robert 73
- Russia
 - capital controls 63–4
 - capital crisis 57, 66–7, 335
 - capital flows 58, 202–3, 204
 - currency crisis 214, 312
 - debt crisis 55, 56, 80
 - debt default 73
 - debt restructuring 94
 - exchange rate regime 211
 - investor moral hazard 61–2
 - membership of G7 334, 336

- Sachs, Jeffrey 336
- Samurai bonds 79
- 'second generation' self-fulfilling crises 214
- Second World War 42, 169, 216, 230, 231
- security and capital flows 201, 202, 204
- segmentation of capital markets 168
- seigniorage revenues 62
- selective debt default 63–4, 75
- 'shock absorber' role of floating rates 10
- short-term loans
- governments requirements for 88–9
 - Latin America 138
 - with IFIs 92
- Singapore
- capital account liberalization 158, 160
 - capital controls 146, 153, 216
 - capital inflows/outflows 137–8
 - exchange rates 141
- socially responsible investment (SRI) 149–51
- Soros, George 202
- South Africa 238–9, 256–7
- capital account liberalization 162–3
 - collective action clauses 308
 - direct monetary controls 239–40
 - floating exchange rates 254–5
 - floating versus exchange rate stability 255–6
 - inflation targeting 242–8, 251–4
 - liberalization of exchange controls 248–50
 - market-oriented measures and monetary targeting 240–42
 - removal of exchange controls 250–51
- South Asia
- capital account liberalization 139, 154–5, 160–61
 - crony capitalism 141
 - prudential supervision of financial system 142
- Sovereign Debt Dispute Resolution Forum (SDDRF) 72, 309
- sovereign debt markets 271–2, 289–91
- aggregation and retroactivity 286–9
 - disruption of 275–6
 - domestic and international 86–8
 - features of international environment 276–81
 - implications for market participants 88–9
 - institutional reform 281–6
 - international financial architecture debate 272–6
 - sovereign debt markets, cheapest-cost avoider 271–2, 289–91
 - problems in 276–81
 - progress in 281–6
 - stumbling blocks 286–9
 - three exaggerated claims 272–6
 - sovereign debt restructuring 90–91, 123–4
 - Argentine public debt situation 99–105
 - assessment of payment capacity 105–13
 - changing nature of debt crises 91–5
 - code of good conduct 294–305
 - framework for 329–30
 - objectives 95–6
 - process 96–8
 - structuring 113–20
- Sovereign Debt Restructuring Mechanism (SDRM) 67–9
- costs of restructuring 266–8
 - desirability of 264–5, 288–9, 290–91, 308–10, 319
 - efforts to establish 41, 56, 67–70, 72
 - investor reaction to 76–7
 - statutory instruments 296
 - support for 35, 284–6, 287–8, 316–17, 329–30
 - where next 308–10
- sovereign debt, explicit seniority in 267–9
- sovereign rights, transfer of 35–6
- Spain, debt structuring 114
- Special drawing rights (SDRs) 21
- special purpose vehicle (SPV) 121
- specialized institutions 324–5, 333
- speculative attacks 171–82, 201, 214
- Sri Lanka
- capital account liberalization 161
 - exchange rates 141
 - stamped money plan 235

- Stand By Arrangements (SBAs) 9
 'statutory approach' to debt restructuring 264–5, 296
 sterling, as a medium of exchange 239
 Stiglitz, Joseph 200, 202
 strategic defaults 264–5
 structural rigidities, Europe 38
 Sub-Saharan Africa (SSA), capital account liberalization 154, 161–3
 sudden stop phenomenon 139–40
 Supplemental Reserve Facility (SRF) 279, 282, 283, 313
 surveillance role of IMF 11, 12, 14, 18–21, 317
 sustainable debts, alleviating tensions on 299
 Sweden, entry into EMU 36–7
 syndicated loans 152
- Taiwan
 capital controls 66, 67
 cash flows 58
 debt crisis 56
 exchange rates 141
- Tanzania, capital account liberalization 162
- Tarapore Committee 160–61
 target zone with bands 213
 tax information-sharing agreements 143, 144
- Taylor, John 77
- Thailand
 capital account liberalization 158–9
 capital controls 140
 capital flows 58–9, 137, 138
 crony capitalism 141
 currency crisis 214
 exchange rates 63, 64
- trade
 boycotts, South Africa 243
 concentration and capital controls 183–5
 credit, drying up of 148–9
 effects of monetary union 37
 trade-offs, decision-making 326
 trade-weighted currency appreciation 58
 transactions costs, effects of monetary union 37
- transition economies, membership of IMF 14
 treasury bonds 116
 trilemma *see* 'Impossible Trinity'
 Trust Indenture Act (1939), US 78
 Tunisia, capital account liberalization 161
- Turkey
 banking crisis 310
 capital account liberalization 161
 capital controls 154
 capital crisis 57, 58–60, 329, 335
 currency crisis 56, 214
 debt 80–81, 83
 exchange rate regime 59
 G7 intervention 346
 IMF package 59–60
 investor moral hazard 61
 special drawing rights 21
 Twelve Tables, law of the 69
- Uganda, capital account liberalization 162
- UK Export Credits Guarantee Department (ECGD) 149
- Ukraine
 bonds 316
 debt restructuring 69, 73–6, 94
 undemocratic regimes, loans to 203
 underdeveloped domestic debt markets 87
 'unholy trinity' 171–2
- United Kingdom
 bonds 318
 cross-border investments 81
 debt crisis 55
 entry into EMU 36–7
 exchange rate regime 209
 gold standard 231
 law 78, 79
 regulation of financial markets 34
 socially responsible investment 150–51
- United Nations (UN)
 Security Council 203
 voting system 330
- United States
 balance of payments 238
 banking sector 313
 bankruptcy regime 276

- bond markets 316
- and Bretton Woods agreement 288, 331
- capital controls 146, 153
- capital flows 203, 215, 231
- currency union with Canada 42–3
- current account adjustment 20
- debt 80
- economic policy 235–6
- exchange rate regime 209
- financial integration 31
- financial unilateralism 227, 236
- floating exchange rates 229, 235–6
- governance role 344
- interest rates 63
- international governance role 341
- investors 315
- law 77, 78, 79
- payments system 55
- as peg country 219
- power of 341
- regional differences 38
- regulation of financial markets 34
- relationship with US 42
- scrutiny of IFIs 323
- and SDRM 287, 329
- socially responsible investment 150
- tax agreements 143, 144
- universal floating 229
- unremunerated reserve requirement (*encaje*) 138, 146, 156, 157
- unstable countries, capital flows to 202–3
- unsustainable debts
 - early identification of 303
 - renegotiation of 299
- Uruguay
 - access to IMF resources 328
 - banking crisis 310
 - bonds 316
 - collective action clauses 71, 88, 287, 308, 313–14, 318
 - debt restructuring 294
 - investor moral hazard 61
- US Bankruptcy Code 68, 78
- US Chapter 11 275, 276
- US Congress 323
- US Customs Agency 44–5
- US Decree Law 600 (DL600), US 156–7
- US dollar
 - as medium of exchange 44–6, 229, 239, 240
 - as store of value 46–9
 - as unit of account 43–4
- US Federal Reserve 39, 233
- US Foreign Sovereign Immunities Act 76
- US Treasury 153, 221
- US Trust Indenture Act (1939) 78
- valuation, debt clusters 118
- Venezuela, capital account liberalization 154
- Vietnam War, financing of 231
- Vietnam, exchange rates 141
- ‘Washington Consensus’ 67, 199–200, 324
- West
 - economic and political integration 229
 - growth and stability in 271
- West African Economic and Monetary Union (WAEMU) 163
- Western Europe 176
- ‘wicked chancellor problem’ 233
- Williamson, John 199
- willingness-to-pay problem debtors 263–4
- Wilsonianism 204
- World Bank
 - establishment of 1
 - governance 324, 326–7, 328, 332–3
 - interaction with 24, 344
 - lending by 149
 - views of 147, 200
- World Trade Organization (WTO) 35, 324
- Zimbabwe, political situation in 253

