

## PDM NETWORK *Monthly Newsletter*

n.6/June 2010

Dear Partner, this *Newsletter* contains a list of the **latest uploaded resources** both in the documentation and in the event areas of the PDM Network website ([www.publicdebt.net](http://www.publicdebt.net)). The PDM Network has its main objective in the joint cooperation among its participants regarding the quantity and quality of information available on the website. So far, it is very appreciated a stronger collaboration in this field, **signalling to the Network Secretariat** any documents, news and events of interest at [publicdebt.net.dt@tesoro.it](mailto:publicdebt.net.dt@tesoro.it).

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### New Documents

#### Papers

##### **Fiscal Sustainability in Developing Asia (2010)**

Adams Charles, Ferrarini Benno, Park Donghyun

**Abstract:** The central objective of this paper is to empirically examine the issue of fiscal sustainability in developing Asia. To do so, we first diagnose the region's public finances by analyzing the evolution of key fiscal indicators over time and across subregions. We then estimate fiscal policy response functions that measure the adjustment of the primary fiscal balance to public debt positions. Overall, our results indicate that the region's public finances are in good shape as a result of responsible fiscal behavior. Nevertheless, failure to withdraw the region's anticrisis fiscal stimulus in a timely manner may jeopardize fiscal sustainability, bolstering the case for strong medium-term fiscal policy frameworks. [...]

##### **Beyond Aid: How Much Should African Countries Pay to Borrow? (2010)**

Gueye Cheikh A., Sy Amadou N. R.

**Abstract:** Post debt relief, the number of African countries considering accessing international capital Markets, often to fund large infrastructure projects, is increasing. Potential risks of capital inflows are well known but the literature offers little help to estimate the cost of borrowing internationally for the first time. This paper proposes a two-step approach to estimate the sovereign credit rating and interest rate cost of a country considering borrowing externally. Estimates can be used to assess the costs and benefits of different financing options. The method can also be used to construct foreign currency as well as domestic local currency yield curves.

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**Treasury Single Account: Concept, Design,**

## and Implementation Issues (2010)

Pattanayak Sailendra (IMF), Fainboim Israel (IMF)

**Abstract:** A treasury single account (TSA) is an essential tool for consolidating and managing governments' cash resources, thus minimizing borrowing costs. In countries with fragmented government banking arrangements, the establishment of a TSA should receive priority in the public financial management reform agenda. Drawing on the lessons of the Fund's work in several countries in establishing a TSA, this paper explains its concept, essential features, and potential benefits. [...]

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## Resolution of Banking Crises: The Good, the Bad, and the Ugly (2010)

Laeven Luc (IMF - Research Department), Valencia Fabian (IMF - Research Department)

**Abstract:** This paper presents a new database of systemic banking crises for the period 1970-2009. While there are many commonalities between recent and past crises, both in terms of underlying causes and policy responses, there are some important differences in terms of the scale and scope of interventions. Direct fiscal costs to support the financial sector were smaller this time as a consequence of swift policy action and significant indirect support from expansionary monetary and fiscal policy, the widespread use of guarantees on liabilities, and direct purchases of assets. [...]

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## In Search of Lost Revenue: Why Restoring Fiscal Soundness After a Crisis is Harder than It Looks (2010)

Miyazaki Masato (IMF)

**Abstract:** This note argues that because fiscal deficit after a crisis owe much to a drop in tax revenues and a sluggish revenue growth, its adjustment has to rely more on revenue augmentation than commonly thought. Cutting extra spending in the wake of the crisis would not balance the book, while a natural growth of tax revenue after the recovery may take a long time before financing the pre-crisis level of expenditure. Faced with unpopular choices, the government may implicitly prefer seeing higher inflation.

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## After the crisis: bringing German public finances back to a sustainable path (2010)

Koske Isabell - (OECD - Economics Department)

**Abstract:** Past consolidation has allowed the automatic stabilisers to operate fully during the crisis. Further fiscal easing in late 2008 and early 2009 contributed to a markedly widening fiscal deficit in 2010. A newly enacted fiscal rule, which limits the structural budget deficit of the federal government to a maximum of 0.35% of GDP and requires balanced structural budgets for the Länder,

will help bring public finances back to a sustainable path. However, some elements of the new rule may need to be fine tuned in order for it to be more effective. To comply with the transition requirements of the new rule, consolidation beyond a mere phasing out of the stimulus packages will be needed between 2011 and 2016. [...]

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## Are Leading Indicators of Financial Crises Useful for Assessing Country Vulnerability? Evidence from the 2008-09 Global Crisis (2010)

Frankel Jeffrey A., Saravelos George (Kennedy School of Government, Harvard University),

**Abstract:** This paper investigates whether leading indicators can help explain the cross-country incidence of the 2008-09 financial crisis. Rather than looking for indicators with specific relevance to the current crisis, the selection of variables is driven by an extensive review of more than eighty papers from the previous literature on early warning indicators. The review suggests that central bank reserves and past movements in the real exchange rate are the two leading indicators that have proven the most useful in explaining crisis incidence across different countries and crises in the past. For the 2008-09 crisis, we use six different variables to measure crisis incidence: drops in GDP and industrial production, currency depreciation, stock market performance, reserve losses, or participation in an IMF program. [...]

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## The Political Economy of Fiscal Consolidation (2010)

Price Robert (OECD)

**Abstract:** This paper explores the political economy of fiscal adjustment. It begins with an examination of the evidence for, and sources of, 'deficit bias', including political and governance factors, public attitudes, the role of financial markets and imprecision about which debt targets should be pursued. It then examines the evidence regarding the exogenous and policy-related factors which affect the success of fiscal consolidation efforts. This is followed by a discussion of the role of fiscal institutions, including fiscal rules and autonomous agencies. The final section considers how the political economy of fiscal policy has changed with the financial crisis, giving some indications as to what may be needed to re-establish a consolidation path and make it less prone to setbacks.

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## The Effects of Fiscal Policy on Output: A DSGE Analysis (2010)

Furceri Davide, Mourougane Annabelle

**Abstract:** This paper examines the effects of fiscal policy on output in the euro area. For this purpose we develop a DSGE Fiscal Model with endogenous government bond yields to assess the impact of different fiscal policy shocks on output, its

components and on government debt. The simulations suggest that fiscal policy is effective in supporting activity, especially in the short term. In particular, the largest fiscal multipliers are found for an increase in public investment, public consumption and a cut in the wage tax. The results are robust to different parameter calibrations and are economically significant. Amongst the different structural parameters, the share of liquidity constrained households and price persistence are found to be the ones which affect the most fiscal multipliers.

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### **Subnational Health Spending and Soft Budget Constraints in OECD Countries (2010)**

Crivelli Ernesto (IMF), Leive Adam (IMF), Stratmann Thomas (George Mason University)

**Abstract:** Government spending on health has grown as a percent of GDP over the last 40 years in industrialized countries. Widespread decentralization of healthcare systems has often accompanied this increase in spending. In this paper, we explore the effect of soft budget constraints on subnational health spending in a sample of OECD countries. We find countries where subnational governments rely primarily on central government financing and enjoy large borrowing autonomy have higher healthcare spending than those with more restrictions on subnational government borrowing.

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### **Optimal Monetary and Fiscal Stabilisation Policies (2010)**

Adam Klaus (University of Mannheim)

**Abstract:** This paper studies optimal stabilisation policies under commitment when monetary policy sets nominal interest rates and fiscal policy decides on public expenditure, income tax rates, and issuance of nominal non contingent debt. High levels of government debt adversely affect the steady state of the economy and increase aggregate volatility. The latter emerges because debt exposes the government budget to real interest rate risk and thereby induces stronger volatility of taxes and public spending. The optimal variability of fiscal deficits is found to increase with the level of government debt, while the optimal variability of nominal interest rates decreases. [...]

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### **Multilateral Safety Nets for Financial Crises (2010)**

Fernández-Arias Eduardo (Inter-American Development Bank)

**Abstract:** There is an increasing need for a system of international lending of last resort (ILLR) to provide a safety net in the event of financial crises in vulnerable countries as financial globalization deepens and spreads. Multilateral progress to address liquidity and solvency crises has been patchy and inconsistent, with no clear distinction

between the two; in particular, there is still no framework to address sovereign debt restructuring. This paper proposes an integrated system of specialized ILLR facilities to address problems of liquidity, adjustment, and debt restructuring in a focused but robust way as crises evolve and morph, structured in tiers to cater to countries' capacity to prequalify for automatic support. [...]

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### **Fiscal Policy Reaction to the Cycle in the OECD: Pro- or Counter-cyclical? (2010)**

Égert Balázs (OECD)

**Abstract:** This paper analyses the reaction of fiscal policy to the cycle in OECD countries. The results suggest that while overall government balances were counter-cyclical in the past and more so in economic downturns than in upswings, discretionary fiscal policy was neutral on average. However, discretionary fiscal policy appears to react to the cycle in a non-linear fashion: fiscal policy in countries with high public debt and high government deficits tends to be pro-cyclical, while countries that have low public debt and that have surpluses are more likely to conduct a counter-cyclical fiscal policy. The paper also finds that asset prices have a significant impact on government balances.

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### **Financial Conditions Indexes: A Fresh Look after the Financial Crisis (2010)**

Hatzius Jan (Goldman Sachs), Hooper Peter (Deutsche Bank), Mishkin Frederic S. (Columbia University, Graduate School of Business), Schoenholtz Kermit L. (Economic and Market Analysis, Citigroup), Watson Mark W. (Department of Economics, Princeton University and NB)

**Abstract:** This paper explores the link between financial conditions and economic activity. We first review existing measures, including both single indicators and composite financial conditions indexes (FCIs). We then build a new FCI that features three key innovations. First, besides interest rates and asset prices, it includes a broad range of quantitative and survey-based indicators. Second, our use of unbalanced panel estimation techniques results in a longer time series (back to 1970) than available for other indexes. Third, we control for past GDP growth and inflation and thus focus on the predictive power of financial conditions for future economic activity. [...]

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### **The Financial Stability Board: An Effective Fourth Pillar of Economic Governance? (2010)**

Woods Ngaire (CIGI), Helleiner Eric (CIGI), Griffith-Jones Stephany (CIGI)

**Abstract:** One of the most significant international institutional innovations since the establishment of the G20 leaders' summit 18 months ago has been the creation of the Financial Stability Board (FSB). The Financial Stability Board: An Effective Fourth

Pillar of Global Economic Governance? is a special report resulting from the collaboration of CIGI, Oxford University's Global Economic Governance Programme, Columbia University's Initiative for Policy Dialogue and the Foundation for European Progressive Studies. It brings together leading experts and policy insiders in a pioneering effort to assess how effective the FSB will be as a so-called "fourth pillar" in the evolving architecture of global economic governance operating alongside the International Monetary Fund, the World Bank and the World Trade Organization.

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### **Hamlet Without the Prince of Denmark: Relationship Banking and Conditionality Lending in the London Market for Foreign Government Debt, 1815-1913 (2010)**

Flandreau Marc (Graduate Institute of International and Development Studies; CEPR), Flores Juan (University of Geneva)

**Abstract:** This paper offers a theory of conditionality lending in 19th century international capital markets. We argue that ownership of reputation signals by prestigious banks rendered them able and willing to monitor government borrowing. Monitoring was a source of rent, and it led bankers to support countries facing liquidity crises in a manner similar to modern descriptions of "relationship" lending to corporate clients by "parent" banks. Prestigious bankers' ability to implement conditionality loans and monitor countries' financial policies also enabled them to deal with solvency. [...]

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### **Limited Liability Non-Bank Government Debt for the Euro Zone (2010)**

Milne Alistair (Cass Business School London)

**Abstract:** The Euro area has experienced structural divergence with many countries losing competitiveness, unsustainable private credit expansion, weak control of public sector finances and most recently the crisis of refinancing Greek government debt. The common underlying cause has been gross capital market inefficiency. This paper proposes measures to address the inefficiencies in the market for Euro area government debt, through limited tax-payer liability for repayment; limits on cross-border bank holdings; radical increase in maturities; and predefined official short term liquidity arrangements. Such measures are needed if other Euro area member governments are to avoid refinancing crises while maintaining their fiscal independence. [...]

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### **The Economic Consequences of Rising U.S. Government Debt: Privileges at Risk (2010)**

Bohn Henning (University of California, CESIFO)

**Abstract:** The rapidly growing federal government debt has become a concern for policy makers and

the public. Yet the U.S. government has seemingly unbounded access to credit at low interest rates. Historically, Treasury yields have been below the growth rate of the economy. The paper examines the ramifications of debt financing at low interest rates. Given the short maturity of U.S. public debt – over \$2.5 trillion maturing in 2010 – investor expectations are critical. Excessive debts justify reasonable doubts about solvency and monetary stability and thus undermine a financing strategy built on the perception that U.S. debt is safe.

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### **Washington and Wall Street: The Interplay of Financial Influences on the Course of Debt and Currency Crises in Argentina, Brazil, and Uruguay, 1998-2002 (2005)**

Nangle Toby (Baring Asset Management )

**Abstract:** During 2001, market measures of Argentina's 'country-risk' soared, the economy contracted, and the government collapsed. Over the first half of 2002, Uruguay followed Argentina into an economic and financial tail-spin, and Brazil encountered financing problems that endangered government solvency. Each of these phenomena was associated with disruptions to international capital flows. Increasingly, capital flows rather than current account features have determined the balance of payments for peripheral countries. For the most part, capital flows have meant portfolio flows, and for this reason perceptions of country-risk on the part of financial markets – loosely referred to here as Wall Street – are all important. [...]

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### **Estimating Implied Default Probabilities and Recovery Values: The Case of Greece During the 2010 European Debt Crisis (2010)**

Vrugt Evert B. (APG Asset Management)

**Abstract:** This paper develops a framework to estimate implied recovery values and risk-neutral default probability term-structures from sovereign bond prices. The model is applied to Greek bonds during the European debt crisis of 2010. In April and May 2010, the probability of a Greek default quickly rises from 5% to 40%. On Monday 10 May 2010, after EU finance ministers, the ECB and the IMF agree on a EUR 750 billion EU-wide rescue package, the default probability drops instantaneously below 10%. The implied recovery value remains between 40 and 60 cents on the euro and does not get revised materially during this period.

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### **Frequency-Domain Analysis of Debt Service in a Macro-Finance Model for the Euro Area (2009)**

Renne Jean-Paul - Banque de France

**Abstract:** This paper illustrates how a parsimonious macro-finance model can be exploited to investigate the frequency-domain properties of debt service

implied by various financing strategies. This original approach is valuable to public debt managers seeking to assess the fiscal-hedging properties of the financing strategies they implement. The model, inspired by Rudebusch and Wu (2008), is estimated on euro-area data over the period 1999-2009. At business-cycle frequencies, the variance of interest payments is lower when nominal long-term bonds are issued. From a budget-smoothing perspective, debt service variability plays a major role, but pro- or counter-cyclicality of debt service also matters. [...]

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### **Crash Risk of the Euro in the Sovereign Debt Crisis of 2009-2010 (2010)**

Hui C.H., Chung T.K. (Hong Kong Monetary Authority)

**Abstract:** Economic-political instability of a country, which is tied with its credit risk, often leads to sharp depreciation and heightened volatility in its currency. This paper shows that not only the creditworthiness of the euro-area countries with weaker fiscal positions, but also that of the member countries with more sound fiscal positions was an important determinant of the deep out-of-the-money euro put option prices which embedded information of the euro crash risk during the sovereign debt crisis of 2009-2010. Using the information of the option prices under the stochastic-volatility jump-diffusion model, the euro's crash probability of 11% in a year with crash size of 14% is estimated at the end of April 2010. [...]

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### **The Eurozone Debt Crisis - A Simple Theory, Some Not So Pleasant Empirical Calculations and an Unconventional Proposal (2010)**

Maurer Rainer Willi - Hochschule Pforzheim University

**Abstract:** This paper explains the eurozone debt crisis as the result of self-reinforcing debt-spirals, which were caused by different inflation rates across the EMU member states. According to This view, the current crisis is not the result of a speculative attack but of a design faulty of the EMU. The data presented support this view. Time series of government budget and current account surpluses are calculated, which are compatible with constant debt-to-GDP ratios. The results show that the situation has become critical for countries like Greece, Portugal, Spain and Ireland significantly before capital markets started to demand higher interest rate spreads.

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### **Public deficit sustainability, public debt and monetization in an endogenous growth model: an application for Turkey (2010)**

Eerdem Özgür Kaan (LEDa, Université Paris-Dauphine)

**Abstract:** This paper analyzes the long term sustainability of budgetary policies in a general equilibrium framework. The analysis is based on an overlapping generations model where the government fixes a tax rate on factor incomes, conducts unproductive and productive public spendings and determines the weight of public bonds issuance and monetization in deficit financing. A budgetary rule setting the economy on a balanced growth path is considered sustainable. The model is used to evaluate the sustainability of Turkish budgetary policies since 1980. The results show that Turkish budgetary policies became sustainable in the period 1999-2007. [...]

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### **Whither Public Interest: The Case of Greece's Public Finances (2010)**

Moutos Thomas, Tsitsikas Christos (Athens University of Economics and Business)

**Abstract:** During the last three decades there has been an almost continuous undermining of the public interest by private interests operating either outside or inside Greek public administration. The result of this infiltration has been a gradual loss of bureaucratic autonomy to pursue the public interest. The web of relationships developed between private interests and the two dominant political parties have eroded both the efficacy of public administration and the dynamism of the private sector as incumbent firms and public (or quasi public) sector functionaries have been using their power to prevent the birth of new firms and to raid the state coffers. [...]

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### **The German Sub-national Government Bond Market: Structure, Determinants of Yield Spreads and Berlin's Forgone Bail-out (2008)**

Schulz Alexander (Deutsche Bundesbank), Wolff Guntram B. (Deutsche Bundesbank, University of Pittsburgh)

**Abstract:** The paper presents a new and comprehensive data set of all bonds issued by the sixteen German federal states (Länder) since 1992. It thus provides a complete picture of a capital market comparable in size to the combined corporate bond and commercial paper market in Germany. The quantitative analysis reveals that Länder follow different issuing strategies: while some concentrate to a greater extent on large issues or issue joint bonds with other Länder (Jumbos), others rely more on comparatively small but frequent issues. Moreover, some Länder issue a significant volume-share of their bonds in foreign currencies. Suitable bonds are used to compute time series of yields for the respective Länder at a daily frequency as well as a liquidity measure. [...]

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### **What can EMU countries' sovereign bond**

## spreads tell us about market perceptions of default probabilities during the recent financial crisis? (2010)

Dötz Niko, Fischer Christoph

**Abstract:** This paper presents a new approach for analysing the recent development of EMU sovereign bond spreads. Based on a GARCH-in-mean model originally used in the exchange rate target zone literature, spreads are decomposed into a risk premium, an expected loss component and a liquidity premium. Time-varying default probabilities are derived. The results suggest that the rise in sovereign spreads during the recent financial crisis mainly reflects an increased expected loss component. [...]

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## Debt-sensitive Majority Rules (2010)

Becker Johannes Gerd, Gersbach Hans, Grimm Oliver (CER-ETH - Center of Economic Research at ETH Zurich)

**Abstract:** We examine debt-sensitive majority rules. According to such a rule, the higher a planned public debt, the higher the parliamentary majority required to approve it. In a two-period model we compare debt-sensitive majority rules with the simple majority rule when individuals differ regarding their benefits from public-good provision. We establish the existence of Condorcet winners under debt-sensitive majority rules and derive their properties. We find that equilibrium debt-levels are lower under the debt-sensitive majority rule if preferences regarding public goods are sufficiently heterogeneous and if the impact of debt on future public-good provision is sufficiently strong. [...]

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## Israel: Monetary and Fiscal Policy (2010)

Moeser Charlotte (OECD)

**Abstract:** Israel's monetary policy framework is broadly sound. Inflation targeting was introduced in the early 1990s, and low single-digit inflation was established by the end of the decade. However, fast transmission from the exchange rate to inflation means the operational challenges differ somewhat from those in many OECD countries. Also, the Bank of Israel has been intervening heavily in the foreign-exchange market, marking a departure from standard practice in inflation targeting. Past progress in fiscal consolidation has been affected by several economic shocks, including the recent downturn. The government's strategy of lowering tax rates on corporate profits and on personal income is assessed. [...]

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## Public debt and Financial development: A theoretical exploration (2010)

Ismihan Mustafa (Atilim University), Ozkan F. Gulcin (University of York)

**Abstract:** This paper proposes an analytical framework to examine the role of public debt in financial development, which remains largely unexplored in the existing literature. We find that in countries where the banking sector extends substantial credit to government, public debt is likely to harm financial development, with unfavourable implications for economic activity. As such, our results provide an alternative explanation for the "contractionary fiscal expansions". We also show that the lower the financial depth, the greater the adverse effects of public borrowing on financial development and macroeconomic outcomes.

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## Romania's External Debt Sustainability Under Crisis Circumstances (2010)

Zaman Gheorghe, Georgescu George (Institute of National Economy, Romanian Academy)

**Abstract:** Even if one could not say that governments and international organizations took the most appropriate rescue and/or stimulus packages, the worst effects of the financial crisis seem to be overcome. Signs of recovery occurred in the developed countries by the end of 2009, but the question of sustainability is arising. Romania was hit hard by the crisis in 2009, suffering a severe contraction of the economy, estimated at 7.1 percent. The worsening of the external and internal financial framework of Romania and the danger of a currency market crisis urged the need for a financing agreement with IMF. The study shows that, more or less, the parameters adapted for Romania regarding the MLT external debt sustainability entered already the significant risk zone. [...]

## Books

### **Debt Management for Development - Protection of the Poor and the Millennium Development Goals (2010)**

Raffer Kunibert (University of Vienna)

**Summary:** This book exposes intolerable global double standards in the treatment of debtors and argues that fairness, economic efficiency and principles common to all civilized legal systems, must and can be applied to so-called 'developing countries', or Southern sovereign debtors.

Tracing the history of Southern sovereign debts, describing the critical role of non-governmental organizations (NGOs) in enforcing improvements, and discussing technical debt issues, this book presents a solution incorporating the Millennium Development Goals (MDGs) as an appropriate form of debtor protection. [...]

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### **Public Debt: The Brazilian Experience (2010)**

Caputo Silva Anderson ed.( World Bank), Oliveira de Carvalho Lena ed., Ladeira de Medeiros Otavio ed. (National Treasury)

**Summary:** The Brazilian National Treasury, in partnership with the World Bank Group, launched on August 17th, the book: "Public Debt: The Brazilian Experience". The book provides a comprehensive coverage of the Brazilian public debt management experience, in a single document, that involves since Brazilian debt earliest registers until the management of the public debt nowadays. [...]

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### **Global Development Finance 2010: External Debt of Developing Countries (2010)**

The World Bank

**Summary:** The global financing crisis had a pronounced impact on net capital flows to developing countries in 2008, particularly following the collapse of Lehman Brothers in September.

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### **Fiscal Implications of the Global Economic and Financial Crisis (2009)**

IMF (International Monetary Fund)

**Summary:** The economic and financial crisis is affecting the fiscal accounts of virtually every country. Public sector support for the financial system, fiscal stimulus and the automatic stabilizers, as well as the revenue decline from the downturn in commodity and asset prices, are leading to sharp increases in deficits and debt

stocks around the world. Expansionary fiscal policy continues to be necessary in the short term to stimulate economic recovery. But it is now essential that governments reassess the state of their public finances in light of the global crisis and adopt strategies that will ensure medium- and long-term fiscal sustainability. [...]

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### **The Imminent Crisis: Greek Debt and the Collapse of the European Monetary Union (2010)**

Wonders Grant (Harvard University)

**Summary:** The unsustainable debt levels of Greece are fast developing into a full-blown crisis. Even more strikingly, they have exposed merely the tip of the iceberg in the specter that now hangs over Europe. Inspired by his economics work at Harvard, Wonders brilliantly documents why the socio-economic realities are fast guiding the inexorable collapse of the Euro.

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### **Sovereign Wealth Funds: Threat or Salvation? (2010)**

Truman Edwin M. (Peterson Institute for International Economics)

**Summary:** This study examines the role of sovereign wealth funds (SWFs) in the global economy and financial system. Sovereign wealth funds are not a new phenomenon in international finance. Governments of a few countries have used similar entities to manage their international financial assets for several decades. Moreover, countries have always held international reserves, and government-owned entities have made cross-border investments for many years.

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### **One Nation Under Debt (2008)**

Wright Robert E (Augustana College and Museum of American Finance)

**Summary:** One Nation Under Debt explores the untold history of America's first national debt, which arose from the immense sums needed to conduct the American Revolution.

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### **Inflated: How Money and Debt Built the American Dream (2010)**

Whalen Christopher (Writer and investment banker)

**Summary:** Americans as a whole view themselves as reasonably prudent and sober people when it comes to matters of money, reflecting the puritan roots of the earliest European settlers. Yet as a community, we also

seem to believe that we are entitled to a lifestyle that is well-beyond our current income, a tendency that goes back to the earliest days of the United States and particularly to get rich

quick experiences ranging from the Gold Rush of the 1840s to the real estate bubble of the early 21st Century.

## Other Web Resources

### **CARTAC Newsletter June 2010**

**Caribbean Regional Technical Assistance Centre(CARTAC)**

In this Newsletter, you will find articles written by CARTAC, that is a regional resource, based in Barbados, which provides technical assistance and training in core areas of economic and financial management at the request of its participating countries.

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### **Danish Government Debt Management Policy: Strategy 2nd half of 2010**

**Danmarks Nationalbank**

Danish Government Debt Management Policy is a semi-annual announcement from the Debt Management Office at Danmarks Nationalbank. The announcement provides information on objectives and strategies for the management of the debt. This announcement was published on 16 June 2010.

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### **Finance and development Magazine – June 2010 issue**

**International Monetary Fund**

The purpose of Finance & Development is to disseminate the latest thinking in economics and development: to inform readers, publish analyses of issues of global importance, stimulate debate, influence policy, and build knowledge.

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### **Ten commandments for fiscal adjustment in advanced economies**

**VOX**

The G20 communiqué stresses the difficulty of balancing fiscal stimulus and fiscal consolidation. This column – written by one of the world's leading macroeconomists, Olivier Blanchard, and his co-author (Carlo Cottarelli) – sums up the research-based policy analysis of the issue [...]

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### **Three debts: A view from emerging Europe**

**VOX**

As the debate rages over the best path for fiscal policy, this column looks at the causes of the Eurozone crisis, especially in emerging Europe. It argues that despite the debate focusing on public debt, the key issue is the development of private debt. That suggests that the key policy remedy would be private debt consolidation supported by countercyclical fiscal policy.

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### **Public Sector Debt Statistics Online Centralized Database (Flyer)**

**World Bank - IMF**

The main purpose of this database (it will be launched by the end of 2010) is to facilitate timely dissemination of debt data of the public sector of members of the IMF's General Data Dissemination System (GDDS) and, over time, the Special Data Dissemination Standard (SDDS). By presenting such data (and related metadata) in a central location, the database will support macroeconomic analysis and cross-country comparisons.

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### **BIS Annual Report 2009/10**

**BIS - Bank for International Settlements**

In its 80th Annual Report, the BIS notes that the Steps taken by governments and central banks Prevented a financial system meltdown and helped bring to an end the great contraction in global economic activity. The policy tasks that lie Ahead, which are no less daunting than they were a year ago, are analysed in the Annual Report.

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### **Public Debt: The Brazilian Experience**

**The Brazilian National Treasury, in partnership with the World Bank Group**

The book provides a comprehensive coverage of the Brazilian public debt, describing and analyzing it under several different facets, including its history since the earliest registers – in Imperial Brazil, and the technical aspects related to the management of the public debt and the functioning of the government securities market.

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## **Policy Package to strengthen Monetary Management and develop the Financial Market Bank of Indonesia**

In response and anticipation of financial market dynamics, global and domestic, the Bank Indonesia Board of Governors decided upon several policies to boost the effectiveness of monetary policy transmission, shore up financial system stability and encourage financial market deepening on Tuesday, 15th July 2010, in Jakarta. In general, the policy package contains policies to buttress monetary operations and refine prudential banking aspects, consisting of additional instruments and the completion of several requirements for the financial markets; the foreign exchange and rupiah.

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## **Marco Macroeconomico Multianual 2011-2013**

Ministerio de Economía y Finanzas – Peru (language: Spanish)

Las perspectivas de la economía mundial y local han mejorado respecto de las condiciones del 2009; aunque aún persiste una elevada incertidumbre acerca del entorno internacional en los próximos años. [...]

## **Network News**

**Due to a content revision of the “Network News” section, the Partners will now find *daily articles* extracted from best online newspapers and info providers. To view them, enter in the reserved area of [www.publicdebt.net](http://www.publicdebt.net) (please read also the Communication corner below).**

**Annual Reports & Guidelines** go to the “*Information Corner*” on [www.publicdebt.net](http://www.publicdebt.net)

## **Events and Courses**

### **Upcoming**

#### **New**

2 August 2010 - 6 August 2010; Banjul - Gambia  
**Regional Course on Liquidity Forecasting for  
Fiscal and Monetary Management**

31 August 2010 – 3 September 2010; Clare College,  
Cambridge  
**Government Debt Management: New Trends and  
Challenges**

6 September 2010 - 10 September 2010;  
International Training Centre, Sutton, UK  
**Financial Risk Modelling for Emerging Countries**

6 September 2010 – 14 September 2010: Slovenia,  
Ljubljana  
**Macroeconomic Management and Financial  
Sector Issues**

13 September 2010 – 24 September 2010: UK  
**Issues & Solutions in Public Financial  
Management**

## Previously signalled

16 June 2010 - On Line Event - London  
**Sovereign debt: containing the threat**

29 June 2010 - 29 June 2010; Brussels  
**The UK economy, post-recession – same as it ever was?**

5 July 2010 - 6 July 2010; Hong Kong  
**Financial Stability: Towards a Macroprudential Approach**

26 July – 6 August 2010 Crown Agents -UK  
**Best Practice in Public Debt Management**

3-4 September 2010 - EUROPAHAUS InWEnt, Berlin  
**Global Financial Governance – Challenges and Regional Responses**

7 September 2010 - 22 October 2010; Online

**Debt Rescheduling with the Paris Club (UNITAR / PFT Online Course)**

20 September 2010 - 1 October 2010; Tunis  
**Economic Policies For Financial Stability**

20 September 2010 - 29 October 2010; Online  
**Fundamentals Of Capital Market Development And Regulation**

20 September 2010 - 29 October 2010;

**Legal Aspects Of Public Debt Management (UNITAR / PFT Online Course)**

28 September 2010 - 29 September 2010; Singapore  
**National Asset-Liability Management**

4-15 October 2010 - London  
**Advanced CS-DRMS User Training**

22 November 2010 - 23 November 2010; Brussels  
**DG ECFIN's Annual Research Conference 2010**

29 Nov- 10 Dec. 2010 - Crown Agents - UK  
**Domestic Debt Management: Challenges & Techniques**

## Past events documentation

16 April 2010; IMF Headquarters, Washington, DC  
**Systemic Risk and Macro Prudential Tools**

15 June 2010 - 16 June 2010; World Bank Group Headquarters  
**Securities Markets Annual Conference (Emerging Local Bond Markets Post-Crisis: Challenges and Next Steps)**

28 June 2010 - Bank for International Settlements  
**The 80th Annual General Meeting**

8 April 2010 - 9 April 2010; IMF and Financial Stability Board - Basel, Switzerland  
**High-Level Conference on Financial Crisis and Information Gaps**

## Communication Corner

### NEW! e-LEARNING COURSE MATERIALS

The PDM network website hosts materials from e-learning course "**ADVANCED RISK MANAGEMENT**" organized by UNITAR thanks to Enrique Cosio-Pascal contribution. The four modules course is downloadable from the Reserved Area of the website in the Section "*Learning Area*". This course is oriented toward those economists and financial specialists that would be dealing with financial risk management issues.

### Webresources & Network News content revision on: [www.publicdebt.net](http://www.publicdebt.net)

Due to a content revision, in the reserved area of the website "*webresources*" section, from this month Partners will now find bulletin and reports plus articles and news, on public debt management issues extracted from International organizations and National DMO websites, plus other institutional or private sources (i.e. consultants and association and research centres). To view them, please enter in the reserved area of [www.publicdebt.net](http://www.publicdebt.net). Moreover, in the "*Network News*" section, the Partners will now find daily articles extracted from best online newspapers and info providers.

As usual, *Webresources* and *Network news* are selected the Network Members or the Network Secretariat and uploaded by the Network Secretariat.

## Participating Institutions in the PDM Network

### OECD

Australian OFM, Austrian DMA, Belgian DMA, Belgian Central Bank, Canadian Foreign Affairs and International Trade, Czech Central Bank, Czech MoF, Danish DMO, Danish MoF, Danish Central Bank, Dutch Central Bank, Dutch DMA, Dutch MoF, Finnish Treasury, Finnish MoF, French Central Bank, French DMA, French MoF, German Central Bank, German MoF, German FA, Greek DMA, Greek MoF, Greek Central Bank, Hungarian DMA, Hungarian MoF, Hungarian National Bank, Icelandic DMA, Irish NTMA, Irish MoF, Italian Central Bank, Italian Ministry of Foreign Affairs, Italian MoF, Italian Senate, Japanese MoF, Japanese Central Bank, Luxembourg MoF, Mexican MoF, New Zealander DMO, Norwegian MoF, Polish MoF, Polish Central Bank, Portuguese Central Bank, Portuguese DMA, Slovak MoF, Slovak DMA, Spanish Central Bank, Spanish MoF, Swedish DMO, Swedish MoF, Swiss State Secretary for Economic Affairs SECO, Turkish Treasury, US GAO, UK Central Bank, UK DMO, UK Treasury.

### Non-OECD

Afghan MoF, Albanian MoF, Angolan National Bank, Autonomous Sinking Fund of Cameroon (Caisse Autonome d'Amortissement), Brazilian MoF, Brazilian Central Bank, Bulgarian MoF, Chilean Central Bank, Chinese MoF, Cyprian MoF, Cyprian Central Bank, Colombian MHCP, Cyprian Central Bank, Cyprian MoF, Dubai Government, Dubai MoF, Egyptian MoF, Estonian MoF, Ethiopian MoF, Fiji MoF, Georgian MoF, Ghanaian Central Bank, Ghanaian MoF, Hong Kong Monetary Auth., Indian Reserve Bank, Indian NIPF, Indonesian Central Bank, Israeli MoF, Israeli Central Bank, Kenyan MoF, Latvian DMO, Lebanese MoF, Lesotho MoF, Lithuanian MoF, Macedonian MoF, Malawian Reserve Bank, Maltese Treasury, Maltese Central Bank, Moldovan MoF, Moroccan MoF, National Analytical Centre of the Government of Kazakhstan, Nigerian DMO, Pakistani MoF, Papua New Guinean Treasury, Romanian MoF, Romanian Central Bank, Rwandan MoF, Singaporean MoF, Slovenian MoF, Solomon Islands MoF, South African National Treasury, Sri Lanka Central Bank, Thai Central Bank, Thai MoF, Ugandan Central Bank, Uruguayan MoF, Vietnamese MoF.

### Multilateral Institutions

OECD, European Commission, ADB, African Development Bank Group, Asian Development Bank Institute, Commonwealth Secretariat, Debt Relief International, European Central Bank, European Bank EBRD, Inter-American Development Bank, IFC, International Monetary Fund, MEFMI, WAIFEM, World Bank, UNCTAD.

### Universities

Columbia University, Duke University's Fuqua School of Business, Harvard University, London Business School, National Chengchi University, National University of Scienze and Technology, Norwegian School of Economics and Business Administration, Stanford University, The George Washington University, University of Bologna, University of London, Birkbeck, University of Maryland, University of Brussels, University of Cambridge, University of California, University of Milan, University of Molise, University of Padua, University of Rome "La Sapienza", CRIEP (Italy), University of Rome "Tor Vergata", University of Vienna.

### Others

Association for Financial Markets in Europe (AFME), Barclays Capital, BE Berlin Economics GmbH, Centre for Planning and Economic Research, CEF-Center of Excellence in Finance, Crown Agents, Devfin Advisers AB, DIFC-Dubai International Financial Centre, Exchange Data International Limited, Finance for Development-FMO, ICMA-International Capital Market Association, ISEDA-International Social-Economic Development for Africa, KfW Bankengruppe, McKinsey & Company, Japan Bank for International Cooperation, Michele Robinson Consult, OPM-Oxford Policy Management, Pragma Corporation, Public Debt Finance, Reykjavik Academy, SIFMA, Storkey & Co Limited, United Bank For Africa (UBA) PLC.

## Some Figures

**On 17<sup>th</sup> July 2010, the number of total resources of the PDM Network website is 2150 (among which: 718 articles and papers, 81 books, 228 events, 237 webresources and 843 news). The number of total enabled users is 406. Among them, Partners are 369, of which 145 are sovereign debt managers coming from emerging and advanced countries.**

### Special thanks

**The PDM Secretariat is grateful to Lena Oliveira de Carvalho (Brazilian National Treasury) for her resource contribution.**