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Aftermaths of Current Account Crisis: Export Growth or Import Contraction?

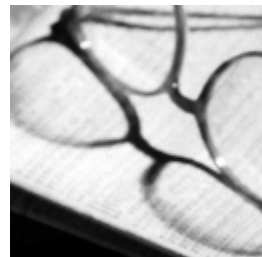
Pablo Guidotti
Universidad Torcuato Di Tella

and

Federico Sturzenegger
Universidad Torcuato Di Tella

and

Agustín Villar
BIS



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Pablo Guidotti

Universidad Torcuato Di Tella

Federico Sturzenegger

Universidad Torcuato Di Tella

Agustin Villar

Bank of International Settlements

Abstract

This paper defines current account crises as current account adjustments that occur in the aftermath of a sizable reduction in capital flows. We study the characteristics of such current account adjustments, particularly whether they are executed through export growth or import contraction. We find significant differences between Asia and Latin America, with Asian countries adjusting through export growth and Latin America through import contraction. When looking at the fundamentals that explain such dissimilar behavior, we conclude that these differences are attributable to differences in the degree of openness and financial dollarization with the size of the financial sector being irrelevant. We argue that the analysis allows the conclusion that “pesified” financial sectors that insulate the domestic financial sector from exchange rate movements are better suited to deal with unstable international financial markets.

¹ This paper was written while Sturzenegger visited the Bank of International Settlements. We thank Luciana Monteverde for efficient research assistance. Financial support from the Center of Research in Finance of the Business School of Universidad Torcuato Di Tella is also kindly acknowledged.

I. Introduction

Money has always oppressed people in one of two ways. Either it has been abundant and very unreliable, or very reliable but very scarce.

J. K. Galbraith, *The age of Uncertainty*

Current account adjustments have been a recurrent event in emerging economies. In some cases large adjustments of the current account are the result of sizable shocks such as changes in terms of trade, or output upheavals associated to wars and their aftermath. However, in other cases, current account adjustment is the result of currency crises or sudden stops. Studying the *current account crises* that result from these sudden stops is the main objective of this paper.

Traditional international finance theory has stressed the role played by intertemporal issues in determining current account adjustments. According to this view, in the simplest, one good specification, the current account improves (worsens) when income increases (falls) on a temporary basis, or when income is expected to fall (increase) to a new steady state level. Yet, this view works only under the assumption that capital flows are available to smooth out these income shocks.

Starting with Krugman's (1979) seminal contribution, major upheavals currency markets have also been studied by a large literature on currency crises.² A recent review is provided in Krugman (1996).³ In a currency crisis, either due to deteriorating fundamentals, due to increasing costs to maintain a peg, or simply from self fulfilling speculation, at some point the monetary authorities feel pressure on their net reserve position, and eventually choose to devalue the currency or to move to a floating regime. However, a common property of currency crises models is that they are silent on the external adjustment that goes together with these upheavals. In fact, most of these models do not even allow for current account adjustment. For example, in a standard 1st generation currency crisis, loss of reserves is changed for seignorage at the time of the crisis as a source of government finance, but aggregate demand adjustment is not necessary at any point.⁴

This, however, contrasts dramatically with recent experience of currency crises in which the economy is forced to make a significant adjustment in its external accounts. Calvo (2001) describes this phenomenon very clearly

“One key aspect of recent financial crises affecting emerging economies is that they have been accompanied by a major cutback in capital inflows. In Thailand, for

² Some authors, such as Calvo and Vegh (1999) have used the term Balance of Payments crisis, but the name seems to be less popular than the standard currency crisis.

³ And the excellent comments to this paper by Kehoe (1996) and Obstfeld (1996).

example, these flows were cut by an amount equivalent to 26 per cent of its gross domestic product during 1997. To adjust to these interruptions, countries have been forced to liquidate their international reserves and reduce their current account deficit. It is this last step that causes the most harm to the economy, as to do so these countries must lower aggregate demand, that is to say their total spending. In practice the amounts involved have been substantial and have consequently resulted in sharp falls in output and employment. This phenomenon, known as the Sudden Stop, is not experienced by developed countries, where the crises have been much less severe, and in many cases have been accompanied by an expansion of credit, rather than strong contraction as in the case of the emerging economies. “

Similarly Edwards (2002) argues that current account reversals are associated to sizable reductions in investment and growth performance. Thus, a key issue of the recent adjustment experiences has been the need for aggregate spending to adjust upon the curtailment of available capital inflows. Under this scenario, current account adjustment, is not optimal in the sense of the traditional literature, but rather a liquidity constraint adjustment that suddenly (though not necessarily unexpectedly) befalls on a given country. This paper will study the economic implications of these adjustments. In particular we will be concerned by how these adjustments in domestic absorption have occurred, and in particular what scope there is, and what are the main determinants, for this adjustments to become export led experiences rather than mere aggregate demand contractions.

We define a current account crisis as a situation where external borrowing conditions dramatically change from one year to next, virtually shutting off the country from international markets. In this scenario, the country has to adjust the current account in order to accommodate itself to available external financing rather than *choosing* what level of borrowing or lending it needs to maximize its intertemporal utility.

We believe these current account events, should be distinguished from those arising from an optimal adjustment of the current account. The main purpose of this paper is therefore, to identify the factors that explain why the aftermaths of an adjustment to a current account crisis may be different. In some countries the aftermath is characterized by a pick up in growth and exports, whereas in others import contraction is the rule. While the literature has focused attention on trying to understand the reasons for a sudden stop, and therefore on trying to device appropriate prevention measures that may avoid such events, there has been much less work, if any, on trying to understand the characteristics of an economy that may determine a more positive aftermath for the crisis.

If, as some believe, current account crises will be a recurrent feature of emerging markets in years to come, the issue of how to ensure a quick return of growth in the aftermath of the crisis deserves more attention. Policy recommendations focused on

improving such ex-post performance should go hand in hand with traditional prevention measures designed to avoid the crises.

The paper is organized as follows. Section II provides a more specific definition and description of what we call current account crises. Section III looks at the aftermath of current account crises in terms of both export and import performance. Section IV explores the reasons for such dissimilar behavior. Section V concludes.

II. Definition of Current Account Crises

Of course, to start our analysis we need to have a description, of a *current account crisis episode*. There are two possible ways of defining when a country faces a current account crisis. The first is to use a priori information on what are considered crises experiences by analysts or experts. There would be no major disagreement, for example, in arguing that Mexico suffered a crisis at the end of 1994. However, choosing an episode on the basis of perceptions has two major drawbacks. If our empirical study wants to be as comprehensive as possible, it is difficult to make sure that no crises are left out. Also by choosing identifiable crises in an ex-post sense we may be focusing only on “ex-post relevant” episodes, biasing the results towards finding significant effects, when, if classified from an ex-ante perspective not much may be found.

Thus we incline ourselves for a purely statistical procedure for identifying crises. While to some extent arbitrary,⁵ we identify a country suffering a current account crisis when its capital account closes by 5% of GDP or more in particular year and the current account improves by more the 2% of GDP during that year, the following, or over those two years. The use of yearly data is justified in order to obtain as large a database as possible.

We apply this definition to a database including all countries in the world, with available data since 1974. While the potential number of data points is 4942 country year observations, workable observations are much less due to late arrival of some countries to the data base or simply due to lack of data. From a total of xxxx usable data points we find a total of 256 cases that satisfy the above criteria. These 256 constitute our current account crises database. Table A.1 in the appendix provides a comprehensive list of these cases.

Table 1: Current Account Crisis per region

Region	Capital Account (%) year 0	Current Account (%) year 0	Current Account (%) year 1
Industrials	-6.2%	3.8%	0.9%

⁵ Alternative computations with other cut points have been tried to check the robustness of the results.

Non-Industrials	-12.4%	9.7%	2.5%
Emerging and Ind.	-8.9%	5.3%	2.6%
Africa	-12.3%	9.0%	1.9%
Asia	-9.5%	7.0%	4.1%
Middle East	-18.1%	16.7%	2.0%
Latin America	-11.4%	9.6%	2.2%
Eastern Europe	-10.4%	2.2%	4.2%
Pacific	-11.2%	10.1%	3.2%
Total	-12.1%	9.4%	2.4%

Table 1 provides a summary of some characteristics. As can be seen, the reversals in capital flows are fairly sizable and on average are of the order to 12%. Current account improvements are also sizable, on the order of 9.4% of GDP in the first year and 2.4% in the second year. (eliminating the 25% or event the 50% smallest countries, delivers virtually the same result).

Figure 1 shows the number of sudden stops per year (**ver tema 2000**). As can be seen, and contrary to what is usually suspected, sudden stops have been a relatively common phenomena since the early 80s. Perhaps surprisingly the years 92/94 show a larger incidence of sudden stops than in the more “crises years” of 95/97. However, after the Russian default the number of sudden stops increases dramatically once again.

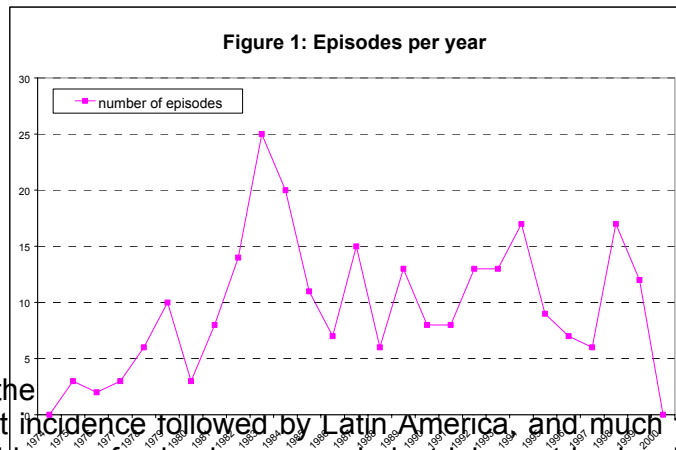
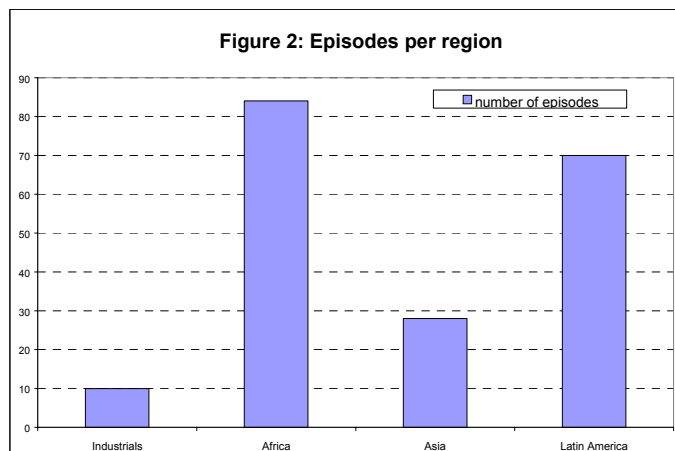


Figure 2 shows the incidence of episodes among industrial countries is minimal. As can be seen Africa shows the largest incidence followed by Latin America, and much fewer in Asia.

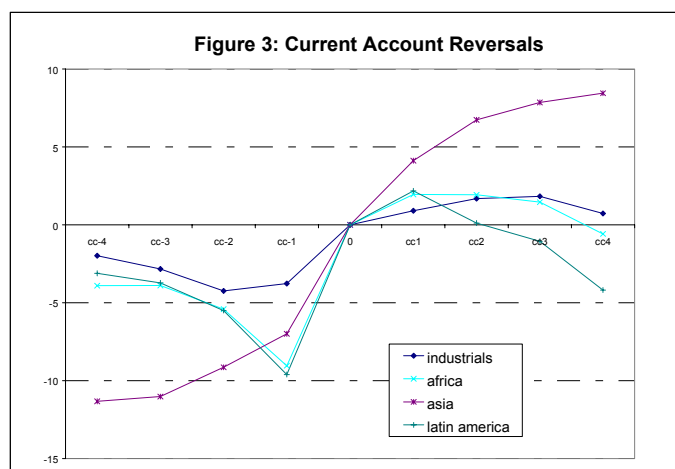


The appendix 1 shows the incidence of sudden stops. Kuwait, Maldives and Singapore are the three countries with the largest number of sudden stops. Between 1974 and 1999, these countries suffered a sudden stop 7 times, that is, more than once every four years. These countries are followed by the Republic of Congo (6 times), Fiji, Guinea Bissau, Israel, Mauritania, Solomon Islands, Swaziland and Togo (5 times) and Antigua and Barbuda, Dominica, Gabon, Jordan, Lesotho, Nicaragua, Papua New Guinea, Saudi Arabia, Seychelles, Suriname and Tonga (4 times).

Among the largest countries we find that Spain, Canada, Saudi Arabia, Mexico, Brazil, Russia, Indonesia, Venezuela, Austria, Norway, Denmark, Turkey, Thailand, Finland, Argentina, Poland, Algeria, Singapore, Philippines and Kuwait all suffered sudden stops. The largest corresponds to troubled Thailand in 1997 (19.4% reversal), but the second largest corresponds to Singapore during the height of capital inflows in 1994 (15.4% reversal).

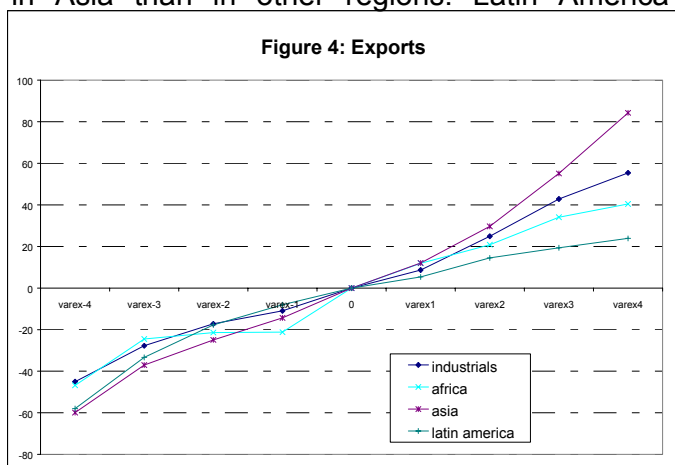
III. Stylised facts on current account reversals

Current account reversals have been large as described above. However, regional developments may differ. Figure 3 shows the pattern of current account reversals for industrial, Asian, Latin American and African countries.⁶ As can be seen from the figure very distinct patterns emerge. On the one hand, as expected, the smallest adjustments occur among industrial countries. For this set of countries deficits are relatively small prior to the crisis and also are smaller the improvements after the crisis. Latin American and African countries experience increasing deficits until the crisis hits, when they suffer a very large adjustment. However, after the initial adjustment there are only minor further improvements. Both cases contrast starkly with that of Asian countries. For Asian countries, current account deficits are large (in fact larger than for African and Latin American countries) but are *decreasing*, rather than increasing, prior to the crisis. The year of the crisis they suffer a sizable adjustment that continues during its aftermath.

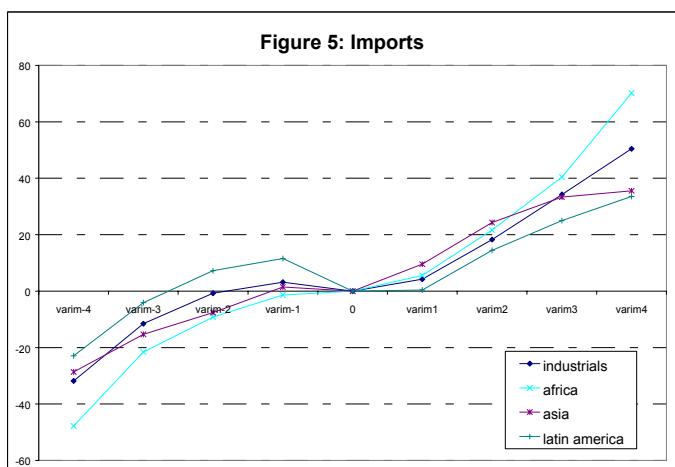


⁶ We eliminated Middle East, Pacific countries and eastern European countries for which very few data points were available.

This different pattern also makes itself visible when evaluating the evolution of exports and imports. Figures 4 and 5 compare exports and imports relative to that of the episode year for these four regions. In both cases we consider a window spanning the four years prior to the crisis and the four years after the crisis. As can be seen in Figure 4, prior to the crisis exports grow steadily in all regions. However after the crisis export performance differs dramatically. Export growth appears to be much larger in Asia than in other regions. Latin America shows the poorest performance.

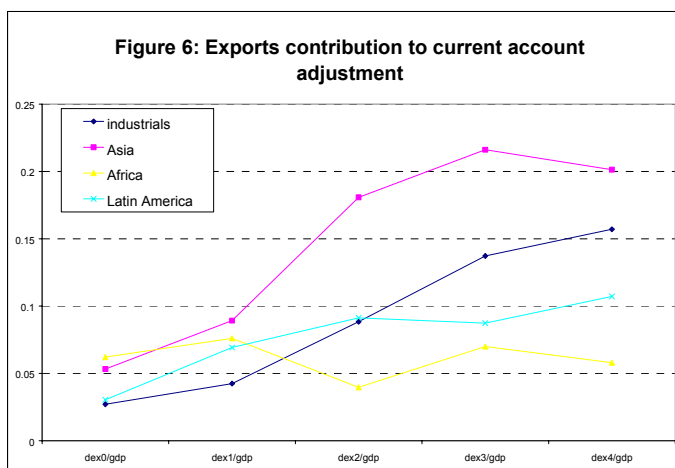


In terms of imports the story is equivalent. Imports grow prior the crisis in all regions. During the year of the crisis, while imports stagnate or grow very slowly in most regions, they fall substantially in the case of Latin America. In the aftermath of the crisis imports are slowest to recover also in Latin America, while they remain fairly moderate in the case of Asia (explaining the better current account performance in the region).

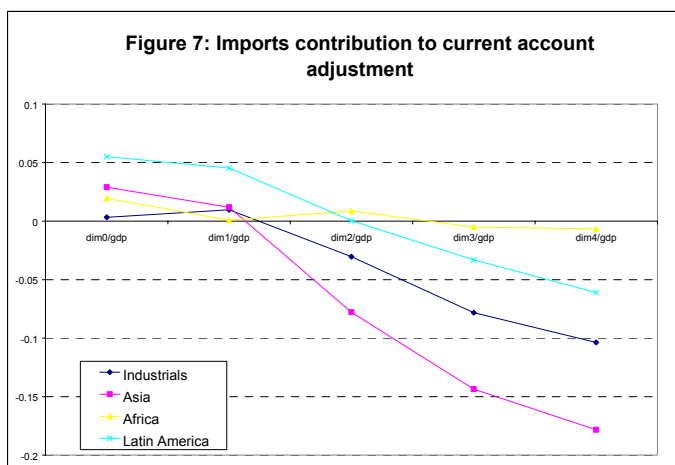


Finally figures 6 and 7 show the contribution of exports and of imports to the improvement in the current account, measured as a share of GDP. The export figure shows the growth in exports as a percentage of GDP (measured as that of the episode year). The numbers are computed as an overall average for the region. As

can be seen Asian countries exhibit an increase in exports of about 20% of GDP compared to an increase of about 15% for industrial countries, of about 10% for Latin American countries and of 5% for African countries.



Import contribution is measured as the decline in imports as a percentage of GDP. Latin America shows the highest import contraction (about 5% for two years) whereas the remainder regions show a much smaller import contraction. Over the years import growth remains checked in Africa while they grow much faster for Latin America, Industrial countries and Asian countries in that order.



IV. In search of fundamentals

The above description of the data suggests that patterns of adjustment may differ per region. Regarding export performance in the aftermath of the crisis, Table 2 confirms that the adjustment for the cases of Latin America and Asia are significantly and statistically different. Export growth in Latin America appears to be weaker than elsewhere. As time elapses, it is clear that Asia's export performance is superior to that of other regions. Table 3 allows for a richer model including a measure of

financial dollarization (FLM), of size of the financial sector (QMM) and of openness, three variables that should be directly related to the ability of the economy to generate exports.⁷ We find that liability dollarization and openness are significant. The results indicate that more open economies generate better export performance, while liability dollarization a worse export performance. Surprisingly, the size of the financial sector appears to be irrelevant.

Table 4 shows a richer specification that includes government surpluses (DEFGDP) and regional exchange rate arrangements (LYSAVG2). As expected government surpluses contribute to a better export performance.⁸

Moving to imports as stated in Table 5 there is, again, a difference between the contribution of imports to current account adjustment when comparing Asia and Latin America. As can be seen import contraction contributes to current account adjustment in Latin America the opposite being the case for Asia. In Table 6 we expand the model to allow for liability dollarization, size of the financial sector and openness. As expected countries with liability dollarization suffer significant import contractions, while imports continue to grow in open economies. Once again the size of the financial sector appears to be irrelevant. As shown in Table 7, in contrast to export performance, government surpluses or regional exchange rate regimes appear irrelevant.

In short the data indicates that the differences in the regions arise from three variables. Liability dollarization of the financial sectors, that contributes to weak export performance and to import contraction. Openness, that is associated to better export and import performance in the aftermath of the crisis. And fiscal surpluses, that are associated to strong export growth in the aftermath of the crisis.

⁷ Exact definitions and sources are provided in Appendix 2.

⁸ We experimented with XXXXX but these appeared insignificant. So is the case in Chinn and Prasad (2000).

Table 2:

	(I) dex1gdp	(II) dex2gdp	(III) dex3gdp	(IV) dex4gdp
INDUS	-0.070 (0.144)	-0.008 (0.194)	0.084 (0.260)	0.147 (0.321)
AFRICA	-0.058 (0.069)	-0.046 (0.097)	-0.011 (0.134)	0.003 (0.167)
ASIA	0.102 (0.097)	0.333** (0.137)	0.726*** (0.198)	1.213*** (0.260)
LATAM	-0.283*** (0.074)	-0.330*** (0.102)	-0.366** (0.142)	-0.404** (0.177)
CONSTANT	0.155*** (0.052)	0.170** (0.073)	0.166 (0.104)	0.158 (0.129)
Observations	236	221	203	195
R-squared	0.09	0.11	0.14	0.17

Standard errors in parentheses

* significant at 10%; ** significant at 5%; *** significant at 1%

Table 3:

	(I) dex1gdp	(II) dex2gdp	(III) dex3gdp	(IV) dex4gdp
INDUS	-0.105 (0.100)	-0.055 (0.112)	0.039 (0.110)	0.091 (0.119)
AFRICA	-0.123** (0.055)	-0.127** (0.063)	-0.057 (0.063)	-0.032 (0.070)
ASIA	-0.110 (0.091)	-0.091 (0.111)	0.030 (0.121)	0.158 (0.168)
LATAM	-0.141*** (0.054)	-0.139** (0.062)	-0.069 (0.063)	-0.046 (0.069)
FLM	-0.007*** (0.002)	-0.008*** (0.002)	-0.008*** (0.002)	-0.008*** (0.002)
QMM	-0.008 (0.007)	-0.007 (0.008)	-0.003 (0.008)	0.004 (0.009)
OPENNESS	0.128 (0.112)	0.275** (0.129)	0.311** (0.131)	0.374** (0.144)
CONSTANT	0.163** (0.068)	0.125 (0.079)	0.071 (0.079)	0.008 (0.087)
Observations	175	164	153	146
R-squared	0.16	0.16	0.16	0.15

Standard errors in parentheses

* significant at 10%; ** significant at 5%; *** significant at 1%

Table 4:

	(I) dex1gdp	(II) dex1gdp	(III) dex2gdp	(IV) dex2gdp	(V) dex3gdp	(VI) dex3gdp	(VII) dex4gdp	(VIII) dex4gdp
INDUS	-0.086 (0.084)	-0.059 (0.119)	-0.052 (0.115)	-0.099 (0.169)	0.053 (0.118)	-0.013 (0.175)	0.105 (0.125)	-0.000 (0.192)
AFRICA	-0.152** (0.058)	-0.201** (0.082)	-0.186** (0.082)	-0.312*** (0.118)	-0.108 (0.086)	-0.248** (0.122)	-0.086 (0.093)	-0.177 (0.136)
ASIA	-0.115 (0.077)	-0.083 (0.103)	-0.118 (0.113)	-0.138 (0.153)	0.019 (0.128)	-0.046 (0.171)	0.158 (0.173)	0.129 (0.225)
LATAM	-0.078 (0.057)	-0.090 (0.074)	-0.100 (0.079)	-0.180* (0.107)	-0.034 (0.086)	-0.149 (0.114)	0.013 (0.093)	-0.093 (0.125)
FLM	-0.008*** (0.001)	-0.008*** (0.002)	-0.009*** (0.002)	-0.009*** (0.002)	-0.010*** (0.002)	-0.010*** (0.002)	-0.010*** (0.002)	-0.010*** (0.003)
QMM	-0.004 (0.006)	-0.006 (0.007)	-0.006 (0.008)	-0.010 (0.009)	-0.004 (0.008)	-0.006 (0.010)	0.001 (0.009)	0.002 (0.011)
OPENNESS	0.095 (0.118)	0.109 (0.136)	0.372** (0.165)	0.377* (0.191)	0.518*** (0.176)	0.511** (0.201)	0.640*** (0.193)	0.605*** (0.225)
DEFGDP	0.011*** (0.002)	0.008** (0.004)	0.010*** (0.003)	0.011** (0.005)	0.006 (0.004)	0.017** (0.006)	0.005 (0.004)	0.018** (0.007)
LYSAVG2		0.202 (0.166)		0.255 (0.240)		0.237 (0.257)		0.017 (0.299)
CONSTANT	0.199*** (0.069)	-0.292 (0.422)	0.135 (0.098)	-0.392 (0.613)	0.023 (0.102)	-0.383 (0.657)	-0.064 (0.111)	0.084 (0.762)
Observations	118	89	109	82	101	74	95	69
R-squared	0.36	0.32	0.29	0.32	0.27	0.36	0.26	0.35

Standard errors in parentheses

* significant at 10%; ** significant at 5%; *** significant at 1%

Table 5:

	(I) dim1gdp	(II) dim2gdp	(III) dim3gdp	(IV) dim4gdp
INDUS	-0.003 (0.130)	0.007 (0.186)	-0.003 (0.260)	-0.075 (0.325)
AFRICA	-0.001 (0.063)	0.024 (0.093)	0.045 (0.134)	0.032 (0.169)
ASIA	-0.185** (0.087)	-0.363*** (0.131)	-0.718*** (0.198)	-1.262*** (0.263)
LATAM	0.197*** (0.066)	0.259*** (0.097)	0.340** (0.142)	0.351* (0.179)
CONSTANT	-0.002 (0.047)	-0.079 (0.070)	-0.148 (0.104)	-0.168 (0.131)
Observations	235	221	203	195
R-squared	0.08	0.10	0.13	0.17

Standard errors in parentheses

* significant at 10%; ** significant at 5%; *** significant at 1%

Table 6:

	(I) dim1gdp	(II) dim2gdp	(III) dim3gdp	(IV) dim4gdp
INDUS	0.010 (0.080)	0.017 (0.102)	0.010 (0.111)	-0.026 (0.110)
AFRICA	0.053 (0.044)	0.088 (0.058)	0.115* (0.064)	0.117* (0.064)
ASIA	0.055 (0.073)	0.103 (0.102)	0.067 (0.122)	-0.131 (0.155)
LATAM	0.051 (0.043)	0.051 (0.056)	0.031 (0.063)	-0.021 (0.063)
FLM	0.007*** (0.001)	0.008*** (0.002)	0.009*** (0.002)	0.009*** (0.002)
QMM	0.002 (0.006)	0.002 (0.007)	0.002 (0.008)	-0.004 (0.008)
OPENNESS	-0.183** (0.090)	-0.389*** (0.118)	-0.523*** (0.133)	-0.624*** (0.133)
CONSTANT	0.043 (0.054)	0.058 (0.072)	0.062 (0.080)	0.111 (0.081)
Observations	174	164	153	146
R-squared	0.16	0.16	0.19	0.23

Standard errors in parentheses

* significant at 10%; ** significant at 5%; *** significant at 1%

Table 7:

	(I) dim1gdp	(II) dim1gdp	(III) dim2gdp	(IV) dim2gdp	(V) dim3gdp	(VI) dim3gdp	(VII) dim4gdp	(VIII) dim4gdp
INDUS	0.035 (0.069)	0.066 (0.102)	0.063 (0.101)	0.204 (0.152)	0.047 (0.117)	0.186 (0.181)	0.008 (0.115)	0.169 (0.178)
AFRICA	0.066 (0.048)	0.132* (0.070)	0.120 (0.073)	0.231** (0.106)	0.107 (0.086)	0.208 (0.126)	0.120 (0.086)	0.153 (0.126)
ASIA	0.073 (0.063)	0.123 (0.088)	0.142 (0.100)	0.260* (0.137)	0.101 (0.128)	0.223 (0.177)	-0.097 (0.159)	-0.059 (0.208)
LATAM	0.052 (0.047)	0.100 (0.063)	0.085 (0.070)	0.208** (0.096)	0.075 (0.085)	0.200* (0.118)	0.032 (0.086)	0.127 (0.116)
FLM	0.007*** (0.001)	0.007*** (0.001)	0.008*** (0.002)	0.008*** (0.002)	0.008*** (0.002)	0.009*** (0.002)	0.008*** (0.002)	0.009*** (0.002)
QMM	0.003 (0.005)	0.005 (0.006)	0.005 (0.007)	0.008 (0.008)	0.005 (0.008)	0.008 (0.010)	0.001 (0.008)	-0.001 (0.010)
OPENNESS	-0.080 (0.097)	-0.087 (0.117)	-0.306** (0.145)	-0.303* (0.171)	-0.466*** (0.176)	-0.467** (0.208)	-0.604*** (0.178)	-0.577*** (0.208)
DEFGDP	-0.002 (0.002)	-0.003 (0.003)	-0.002 (0.003)	-0.004 (0.005)	-0.002 (0.004)	-0.006 (0.007)	-0.001 (0.004)	-0.006 (0.007)
LYSAVG2		-0.076 (0.142)		0.003 (0.215)		0.033 (0.266)		0.244 (0.277)
CONSTANT	-0.030 (0.057)	0.097 (0.361)	-0.033 (0.086)	-0.185 (0.550)	-0.012 (0.102)	-0.252 (0.679)	0.052 (0.103)	-0.688 (0.706)
Observations	118	89	109	82	101	74	95	69
R-squared	0.27	0.31	0.22	0.28	0.22	0.28	0.24	0.30

Standard errors in parentheses

* significant at 10%; ** significant at 5%; *** significant at 1%

V. Conclusions

Our analysis has focused on understanding why countries react differently to current account adjustments. The discussion is not only of academic interest. Countries have suffered substantial reversals in capital flows over the recent years suggesting that instability and capital flow reversals are a common occurrence in financial markets and will probably continue to be. Thus the policy discussion should include a discussion of the factors that contribute to prepare the economy for the aftermath of a sudden stop and current account reversal. Our discussion has shown that the response of Asian countries appears in strong contrast to that of other regions. However we saw that that different performance relates to differences in some fundamentals.

Among the most interesting results we found that open economies are more likely to exhibit a successful export and import performance in the aftermath of a crisis. But what appears most intriguing are the results related to the characteristics of the financial sector. Liability dollarization appears to be detrimental to good export performance, probably due to the destruction in property rights and the financial collapse that accompanies the likely devaluation when the crisis hits. Similarly, liability dollarization is associated to import contraction in the aftermath of the crisis.

This result is interesting when we note that the size of the financial sector appears to be irrelevant.⁹ The negative role of liability dollarization suggests that pesification of financial sectors may be a good idea. While one could argue that pesification entails the risk that the financial sector may turn out to be smaller than otherwise possible, the fact that the size of the financial sector does not matter, suggests that that the benefits of allowing for a dollarized financial sector may not be so relevant. On the contrary, one could turn the argument upside down and even dare the conclusion that a larger financial sector in the face of a devaluation is even more dangerous than a smaller one, thus hurting growth prospects. These are interesting first results when thinking about how to prepare financial sectors for a current account crisis.

⁹ Eichengreen, et al show that there is not much relation between liability dollarization and the size of the financial sector, indicating that our dollarization measure is not indicating a size effect.

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Appendix

Table A.1

Country	Year	Capital Acc. (%)	Current Acc (%) 0	Current Acc. (%) 1	Country	Year	Capital Acc. (%)	Current Acc (%) 0	Current Acc (%) 1
ALBANIA	1995	-22.8	7.6	-3.5	EQUATORIAL GUINEA	1992	-31.7	24.3	8.7
ALBANIA	1998	-10.7	9.7	-2.1	ESTONIA	1998	-6.5	2.6	3.6
ALGERIA	1979	-7.3	8.5	5.5	FIJI	1982	-6.3	6.0	2.1
ANGOLA	1993	-5.4	0.1	4.3	FIJI	1987	-7.1	1.0	4.1
ANTIGUA AND BARBUDA	1983	-25.9	24.2	6.3	FIJI	1991	-5.6	2.2	0.7
ANTIGUA AND BARBUDA	1987	-13.6	9.3	25.5	FIJI	1996	-6.4	6.4	-2.3
ANTIGUA AND BARBUDA	1988	-23.7	25.5	-8.6	FINLAND	1995	-8.0	2.9	-0.1
ANTIGUA AND BARBUDA	1990	-13.6	14.0	-0.2	GABON	1979	-6.0	5.1	0.8
ARGENTINA	1989	-11.0	-0.5	4.9	GABON	1987	-15.8	17.4	-2.4
ARMENIA	1999	-5.4	5.4		GABON	1989	-13.7	11.5	7.4
ARUBA	1992	-26.9	26.8	-1.0	GABON	1990	-9.6	7.4	-1.4
ARUBA	1994	-5.9	2.9		GAMBIA, THE	1982	-23.5	12.2	-5.3
ARUBA	1998	-5.7	10.8		GAMBIA, THE	1984	-20.8	20.3	-1.3
AUSTRIA	1982	-5.6	5.4	-0.6	GAMBIA, THE	1986	-13.7	-0.9	3.9
AZERBAIJAN	1999	-12.9	10.1		GEORGIA	1998	-8.0	-0.4	3.2
BAHAMAS, THE	1985	-5.9	4.8	1.0	GRENADA	1984	-18.3	18.2	-1.3
BAHAMAS, THE	1992	-8.2	7.0	0.3	GRENADA	1994	-9.3	9.1	-4.4
BAHRAIN	1993	-12.8	10.5	2.0	GUINEA	1989	-12.6	1.9	0.2
BARBADOS	1982	-8.0	8.9	-0.1	GUINEA-BISSAU	1986	-34.8	14.4	12.4
BARBADOS	1984	-7.6	5.4	3.0	GUINEA-BISSAU	1987	-5.8	12.4	-8.0
BARBADOS	1992	-6.2	10.4	-4.7	GUINEA-BISSAU	1989	-9.4	-3.7	19.1
BENIN	1983	-17.1	17.4	6.9	GUINEA-BISSAU	1993	-24.1	16.7	6.7
BENIN	1984	-5.7	6.9	1.7	GUINEA-BISSAU	1994	-8.4	6.7	5.6
BENIN	1989	-7.3	5.6	-0.1	GUYANA	1983	-11.2	-2.9	10.0
BOLIVIA	1982	-7.7	10.4	0.5	HUNGARY	1994	-9.0	1.3	4.1
BOLIVIA	1994	-8.2	7.3	-3.0	HUNGARY	1996	-17.0	1.9	1.6
BOTSWANA	1991	-6.1	8.2	-3.0	ICELAND	1993	-5.1	3.0	1.1
BRAZIL	1983	-5.3	2.4	3.4	INDONESIA	1997	-6.9	1.1	6.4
BULGARIA	1990	-14.8	-4.7	7.5	INDONESIA	1998	-6.4	6.4	-0.1
BULGARIA	1994	-16.9	9.8	0.1	IRAN, I.R. OF	1994	-14.0	15.0	-3.7
BULGARIA	1996	-11.9	0.4	4.1	IRELAND	1975	-5.6	7.7	-3.4
CANADA	1982	-5.9	4.8	-1.4	IRELAND	1992	-5.8	0.5	2.4
CAPE VERDE	1990	-10.3	3.2	-0.8	ISRAEL	1976	-6.4	9.4	2.8
CAPE VERDE	1995	-9.9	-1.4	5.6	ISRAEL	1979	-8.2	2.2	1.3
COMOROS	1985	-7.2	18.0	2.8	ISRAEL	1983	-6.5	1.0	2.2
COMOROS	1988	-14.0	7.7	5.9	ISRAEL	1985	-6.5	10.3	0.2
CONGO, REPUBLIC OF	1979	-8.9	12.3	-1.5	ISRAEL	1988	-6.1	2.0	1.9
CONGO, REPUBLIC OF	1982	-13.8	7.8	-3.8	JAMAICA	1985	-9.2	0.0	12.3
CONGO, REPUBLIC OF	1984	-29.9	28.7	-17.0	JAMAICA	1986	-12.7	12.3	-3.5
CONGO, REPUBLIC OF	1987	-22.5	22.8	-10.4	JORDAN	1979	-11.2	10.8	7.3
CONGO, REPUBLIC OF	1989	-12.3	16.6	-5.4	JORDAN	1984	-7.3	2.5	0.3
CONGO, REPUBLIC OF	1997	-42.6	32.8		JORDAN	1993	-17.1	4.2	5.0
COTE D IVOIRE	1983	-6.1	-0.2	12.5	JORDAN	1998	-9.0	-0.1	4.6
COTE D IVOIRE	1984	-9.2	12.5	2.0	KIRIBATI	1983	-24.8	25.4	18.2
COTE D IVOIRE	1996	-6.3	3.4	0.3	KIRIBATI	1987	-5.4	-1.8	7.3
CYPRUS	1985	-7.7	2.3	6.8	KIRIBATI	1994	-5.7	15.7	
CYPRUS	1993	-5.5	10.9	-0.7	KUWAIT	1978	-16.8	7.3	17.2
CHILE	1982	-11.8	5.0	3.8	KUWAIT	1979	-12.8	17.2	-3.3
CHILE	1985	-9.4	2.4	1.9	KUWAIT	1983	-6.8	2.4	4.2
CHILE	1998	-6.4	-0.7	5.6	KUWAIT	1992	-240.5	238.2	12.7
DENMARK	1989	-5.0	0.2	2.1	KUWAIT	1993	-27.3	12.7	2.6
DJIBOUTI	1993	-10.5	11.4	-2.2	KUWAIT	1995	-6.7	5.9	4.0
DJIBOUTI	1995	-9.9	4.8		KUWAIT	1999	-8.4	8.4	
DOMINICA	1981	-11.0	4.9	8.5	LAO PEOPLE'S DEM.RE	1997	-13.8	2.2	5.9
DOMINICA	1983	-12.0	8.6	-5.7	LAO PEOPLE'S DEM.RE	1998	-6.1	5.9	12.3
DOMINICA	1991	-7.4	7.5	5.4	LESOTHO	1977	-16.0	15.7	6.8
DOMINICA	1996	-7.7	5.3	3.1	LESOTHO	1978	-7.2	6.8	-2.7
DOMINICAN REPUBLIC	1975	-5.2	6.2	-1.2	LESOTHO	1989	-7.1	6.8	8.5
DOMINICAN REPUBLIC	1981	-5.2	5.5	-0.2	LESOTHO	1999	-23.6	6.6	
DOMINICAN REPUBLIC	1993	-7.4	2.5	2.8	LIBERIA	1984	-11.6	9.5	5.2
ECUADOR	1983	-13.7	7.6	-1.2	MALAWI	1981	-9.5	9.2	2.3
ECUADOR	1988	-10.1	4.5	-0.5	MALAYSIA	1984	-5.1	6.6	2.9
ECUADOR	1999	-15.7	16.0		MALAYSIA	1987	-10.0	6.4	-2.7
EGYPT	1990	-26.1	-0.3	11.8	MALAYSIA	1999	-10.7	2.8	
EL SALVADOR	1979	-14.4	9.8	0.0	MALDIVES	1981	-9.6	7.2	5.2

Country	Year	Capital Acc. (%)	Current Acc (%) 0	Current Acc (%) 1	Country	Year	Capital Acc. (%)	Current Acc (%) 0	Current Acc (%) 1
MALDIVES	1983	-17.3	-2.0	20.1	SIERRA LEONE	1981	-5.6	3.6	-1.5
MALDIVES	1984	-20.5	20.1	15.3	SIERRA LEONE	1983	-12.6	10.6	-0.2
MALDIVES	1985	-6.5	15.3	6.2	SIERRA LEONE	1991	-9.2	9.6	-2.7
MALDIVES	1986	-5.6	6.2	9.0	SINGAPORE	1975	-7.9	9.4	0.7
MALDIVES	1987	-10.1	9.0	-0.5	SINGAPORE	1977	-5.4	5.1	-1.3
MALDIVES	1994	-17.2	20.1	-2.1	SINGAPORE	1983	-6.6	5.0	1.5
MAURITANIA	1983	-6.0	9.8	11.8	SINGAPORE	1988	-7.0	8.2	2.2
MAURITANIA	1984	-9.3	11.8	-1.8	SINGAPORE	1991	-7.9	2.9	0.7
MAURITANIA	1987	-18.9	8.0	6.2	SINGAPORE	1994	-15.4	9.0	0.9
MAURITANIA	1993	-22.8	-8.5	11.6	SINGAPORE	1998	-10.3	7.5	-0.4
MAURITANIA	1996	-5.2	6.1	-3.8	SOLOMON ISLANDS	1976	-26.7	27.4	6.0
MAURITIUS	1981	-6.3	-2.5	9.0	SOLOMON ISLANDS	1983	-8.6	8.3	11.7
MAURITIUS	1991	-5.9	3.9	0.6	SOLOMON ISLANDS	1986	-12.8	15.8	-1.0
MEXICO	1982	-8.0	2.3	6.9	SOLOMON ISLANDS	1998	-12.0	12.9	4.4
MEXICO	1995	-8.1	6.5	-0.1	SOLOMON ISLANDS	1999	-12.4	4.4	
MOLDOVA	1998	-5.5	-5.7	18.5	SOMALIA	1983	-18.9	3.6	1.6
MOROCCO	1978	-7.0	6.6	0.5	SPAIN	1992	-5.6	0.0	2.4
MOROCCO	1995	-5.8	-1.2	3.7	ST. KITTS AND NEVIS	1984	-18.0	18.5	-2.4
MOZAMBIQUE	1983	-6.3	0.9	3.7	ST. KITTS AND NEVIS	1991	-8.8	8.3	12.5
MOZAMBIQUE	1984	-6.1	3.7	2.4	ST. KITTS AND NEVIS	1992	-7.2	12.5	-6.5
MOZAMBIQUE	1997	-5.1	6.1	-2.6	ST. LUCIA	1983	-19.7	18.3	-3.6
NEPAL	1999	-6.5	5.3		ST. LUCIA	1992	-5.9	5.2	1.4
NETHERLANDS ANTILLE	1982	-10.7	10.4	-7.8	ST. VINCENT & GRENES	1981	-11.0	14.4	-11.6
NETHERLANDS ANTILLE	1984	-8.5	7.5	19.6	ST. VINCENT & GRENES	1983	-5.2	9.9	1.8
NETHERLANDS ANTILLE	1985	-9.8	19.6		ST. VINCENT & GRENES	1995	-9.2	8.2	2.9
NICARAGUA	1978	-13.8	7.0	12.7	SURINAME	1984	-5.2	14.3	12.3
NICARAGUA	1986	-19.6	4.8	6.0	SURINAME	1987	-10.5	16.0	-3.6
NICARAGUA	1990	-16.5	5.5	13.0	SURINAME	1989	-43.5	44.4	-32.2
NICARAGUA	1994	-25.7	-2.1	10.0	SURINAME	1992	-27.8	44.2	6.5
NIGER	1983	-5.6	8.1	3.5	SWAZILAND	1984	-7.3	3.6	5.0
NIGERIA	1984	-8.0	12.8	8.7	SWAZILAND	1986	-10.2	13.0	8.8
NIGERIA	1996	-11.4	19.1	-8.4	SWAZILAND	1987	-7.0	8.8	2.4
NIGERIA	1999	-15.8	14.6		SWAZILAND	1993	-13.7	-2.3	6.6
NORWAY	1978	-6.2	7.9	2.6	SWAZILAND	1999	-8.1	2.8	
OMAN	1979	-10.6	16.5	1.1	SYRIAN ARAB REPUB	1978	-5.1	1.5	9.7
OMAN	1987	-14.5	24.2	-14.1	SYRIAN ARAB REPUB	1979	-6.6	9.7	-7.1
PANAMA	1982	-6.8	8.3	8.1	SYRIAN ARAB REPUB	1989	-14.2	13.8	1.9
PANAMA	1985	-5.4	5.4	-3.2	TANZANIA	1994	-5.6	6.9	2.9
PANAMA	1987	-20.7	11.4	5.1	THAILAND	1997	-19.4	6.1	14.7
PAPUA NEW GUINEA	1985	-8.3	6.3	1.3	THAILAND	1998	-5.0	14.7	-2.7
PAPUA NEW GUINEA	1992	-5.5	6.2	10.8	TOGO	1979	-6.7	2.5	15.5
PAPUA NEW GUINEA	1993	-10.8	10.8	-2.4	TOGO	1980	-16.6	15.5	3.8
PAPUA NEW GUINEA	1998	-5.3	3.2	2.1	TOGO	1984	-6.5	9.3	-7.2
PARAGUAY	1988	-11.6	6.8	7.9	TOGO	1992	-7.3	0.6	1.5
PARAGUAY	1989	-5.6	7.9	1.7	TOGO	1993	-7.5	1.5	0.9
PERU	1983	-6.7	1.9	3.4	TONGA	1981	-5.6	3.6	19.9
PERU	1984	-5.8	3.4	1.7	TONGA	1982	-17.3	19.9	-9.7
PHILIPPINES	1983	-8.8	0.2	4.2	TONGA	1985	-13.9	9.7	1.0
PHILIPPINES	1997	-8.5	-0.5	7.6	TONGA	1989	-27.5	20.8	-1.6
PHILIPPINES	1999	-5.1	8.0		TURKEY	1994	-5.6	5.6	-3.4
POLAND	1994	-12.0	7.7	-0.2	UKRAINE	1998	-6.2	-0.5	7.3
PORTUGAL	1983	-9.5	5.2	3.9	URUGUAY	1982	-6.4	1.6	1.3
ROMANIA	1998	-5.7	-0.4	3.2	VANUATU	1990	-11.6	4.6	-1.3
RUSSIA	1998	-6.0	0.0	4.9	VANUATU	1998	-7.7	13.6	-7.2
RWANDA	1995	-7.0	10.6	-5.1	VENEZUELA, REP. BOL	1980	-7.9	6.2	-1.7
SAO TOME & PRINCIPE	1977	-46.9	30.5	-10.7	VENEZUELA, REP. BOL	1989	-7.9	14.6	12.1
SAO TOME & PRINCIPE	1983	-14.8	30.6	-5.9	VENEZUELA, REP. BOL	1994	-9.5	7.7	-1.7
SAUDI ARABIA	1980	-15.3	17.6	-1.0	YEMEN, REPUBLIC OF	1994	-28.4	36.8	-5.6
SAUDI ARABIA	1992	-13.6	8.9	-0.2	ZAMBIA	1987	-12.7	10.1	3.0
SAUDI ARABIA	1994	-7.2	5.8	4.6	ZAMBIA	1991	-21.1	9.0	
SAUDI ARABIA	1999	-8.0	10.5						
SENEGAL	1982	-8.2	8.3	-2.0					
SEYCHELLES	1983	-11.3	9.7	9.0					
SEYCHELLES	1984	-8.3	9.0	-2.6					
SEYCHELLES	1987	-5.3	7.5	-1.5					
SEYCHELLES	1990	-7.9	9.3	1.3					

Table A.2

Country	Year	Capital Acc. (%)	Current Acc (%) 0	Current Acc (%) 1	Country	Year	Capital Acc. (%)	Current Acc (%) 0	Current Acc (%) 1
SPAIN	1992	-5.6	0.0	2.4	ECUADOR	1983	-13.7	7.6	-1.2
CANADA	1982	-5.9	4.8	-1.4	KUWAIT	1995	-6.7	5.9	4.0
SAUDI ARABIA	1980	-15.3	17.6	-1.0	BULGARIA	1990	-14.8	-4.7	7.5
MEXICO	1982	-8.0	2.3	6.9	SINGAPORE	1975	-7.9	9.4	0.7
BRAZIL	1983	-5.3	2.4	3.4	KUWAIT	1999	-8.4	8.4	
MEXICO	1995	-8.1	6.5	-0.1	SINGAPORE	1977	-5.4	5.1	-1.3
RUSSIA	1998	-6.0	0.0	4.9	YEMEN, REPUBLIC OF	1994	-28.4	36.8	-5.6
INDONESIA	1997	-6.9	1.1	6.4	KUWAIT	1992	-240.5	238.2	12.7
VENEZUELA, REP. BOL.	1980	-7.9	6.2	-1.7	URUGUAY	1982	-6.4	1.6	1.3
AUSTRIA	1982	-5.6	5.4	-0.6	DOMINICAN REPUBLIC	1981	-5.2	5.5	-0.2
NORWAY	1978	-6.2	7.9	2.6	DOMINICAN REPUBLIC	1975	-5.2	6.2	-1.2
DENMARK	1989	-5.0	0.2	2.1	ECUADOR	1988	-10.1	4.5	-0.5
SAUDI ARABIA	1992	-13.6	8.9	-0.2	COTE D IVOIRE	1983	-6.1	-0.2	12.5
TURKEY	1994	-5.6	5.6	-3.4	OMAN	1987	-14.5	24.2	-14.1
THAILAND	1997	-19.4	6.1	14.7	SYRIAN ARAB REPUBLIC	1989	-14.2	13.8	1.9
FINLAND	1995	-8.0	2.9	-0.1	COTE D IVOIRE	1984	-9.2	12.5	2.0
SAUDI ARABIA	1994	-7.2	5.8	4.6	OMAN	1979	-10.6	16.5	1.1
SAUDI ARABIA	1999	-8.0	10.5		EL SALVADOR	1979	-14.4	9.8	0.0
ARGENTINA	1989	-11.0	-0.5	4.9	DOMINICAN REPUBLIC	1993	-7.4	2.5	2.8
POLAND	1994	-12.0	7.7	-0.2	PANAMA	1982	-6.8	8.3	8.1
ALGERIA	1979	-7.3	8.5	5.5	ECUADOR	1999	-15.7	16.0	
THAILAND	1998	-5.0	14.7	-2.7	COTE D IVOIRE	1996	-6.3	3.4	0.3
INDONESIA	1998	-6.4	6.4	-0.1	BULGARIA	1994	-16.9	9.8	0.1
SINGAPORE	1994	-15.4	9.0	0.9	JORDAN	1984	-7.3	2.5	0.3
PHILIPPINES	1997	-8.5	-0.5	7.6	PANAMA	1985	-5.4	5.4	-3.2
KUWAIT	1979	-12.8	17.2	-3.3	BULGARIA	1996	-11.9	0.4	4.1
SINGAPORE	1998	-10.3	7.5	-0.4	PANAMA	1987	-20.7	11.4	5.1
PHILIPPINES	1983	-8.8	0.2	4.2	JORDAN	1979	-11.2	10.8	7.3
IRAN, I.R. OF	1994	-14.0	15.0	-3.7	BOLIVIA	1982	-7.7	10.4	0.5
NIGERIA	1984	-8.0	12.8	8.7	GABON	1990	-9.6	7.4	-1.4
MALAYSIA	1984	-5.1	6.6	2.9	NICARAGUA	1986	-19.6	4.8	6.0
ISRAEL	1988	-6.1	2.0	1.9	CYPRUS	1993	-5.5	10.9	-0.7
IRELAND	1992	-5.8	0.5	2.4	MOZAMBIQUE	1983	-6.3	0.9	3.7
MALAYSIA	1999	-10.7	2.8		ICELAND	1993	-5.1	3.0	1.1
CHILE	1998	-6.4	-0.7	5.6	GABON	1979	-6.0	5.1	0.8
VENEZUELA, REP. BOL.	1994	-9.5	7.7	-1.7	MOZAMBIQUE	1984	-6.1	3.7	2.4
PHILIPPINES	1999	-5.1	8.0		BOLIVIA	1994	-8.2	7.3	-3.0
VENEZUELA, REP. BOL.	1989	-7.9	14.6	12.1	ANGOLA	1993	-5.4	0.1	4.3
ISRAEL	1976	-6.4	9.4	2.8	JORDAN	1993	-17.1	4.2	5.0
CHILE	1982	-11.8	5.0	3.8	JORDAN	1998	-9.0	-0.1	4.6
ISRAEL	1983	-6.5	1.0	2.2	SENEGAL	1982	-8.2	8.3	-2.0
SINGAPORE	1991	-7.9	2.9	0.7	BAHRAIN	1993	-12.8	10.5	2.0
ISRAEL	1979	-8.2	2.2	1.3	PAPUA NEW GUINEA	1993	-10.8	10.8	-2.4
PORTUGAL	1983	-9.5	5.2	3.9	GABON	1989	-13.7	11.5	7.4
KUWAIT	1978	-16.8	7.3	17.2	PARAGUAY	1989	-5.6	7.9	1.7
MALAYSIA	1987	-10.0	8.4	-2.7	GABON	1987	-15.8	17.4	-2.4
EGYPT	1990	-26.1	-0.3	11.8	PARAGUAY	1988	-11.6	6.8	7.9
HUNGARY	1994	-9.0	1.3	4.1	PAPUA NEW GUINEA	1992	-5.5	6.2	10.8
HUNGARY	1996	-17.0	1.9	1.6	TANZANIA	1994	-5.6	6.9	2.9
MOROCCO	1978	-7.0	6.6	0.5	BOTSWANA	1991	-6.1	8.2	-3.0
KUWAIT	1983	-6.8	2.4	4.2	NICARAGUA	1978	-13.8	7.0	12.7
ISRAEL	1985	-6.5	10.3	0.2	ESTONIA	1998	-6.5	2.6	3.6
IRELAND	1975	-5.6	7.7	-3.4	JAMAICA	1986	-12.7	12.3	-3.5
PERU	1983	-6.7	1.9	3.4	CYPRUS	1985	-7.7	2.3	6.8
PERU	1984	-5.8	3.4	1.7	PAPUA NEW GUINEA	1985	-8.3	6.3	1.3
SINGAPORE	1988	-7.0	8.2	2.2	CONGO, REPUBLIC OF	1979	-8.9	12.3	-1.5
SINGAPORE	1983	-6.6	5.0	1.5	ZAMBIA	1991	-21.1	9.0	
UKRAINE	1998	-6.2	-0.5	7.3	NEPAL	1999	-6.5	5.3	
ROMANIA	1998	-5.7	-0.4	3.2	JAMAICA	1985	-9.2	0.0	12.3
NIGERIA	1996	-11.4	19.1	-8.4	BAHAMAS, THE	1985	-5.9	4.8	1.0
MOROCCO	1995	-5.8	-1.2	3.7	NIGER	1983	-5.6	8.1	3.5
CHILE	1985	-9.4	2.4	1.9	BAHAMAS, THE	1992	-8.2	7.0	0.3
SYRIAN ARAB REPUBLIC	1979	-6.6	9.7	-7.1	PAPUA NEW GUINEA	1998	-5.3	3.2	2.1
NIGERIA	1999	-15.8	14.6		ZAMBIA	1987	-12.7	10.1	3.0
KUWAIT	1993	-27.3	12.7	2.6	MAURITIUS	1991	-5.9	3.9	0.6
SYRIAN ARAB REPUBLIC	1978	-5.1	1.5	9.7	CONGO, REPUBLIC OF	1982	-13.8	7.8	-3.8

Country	Year	Capital Acc. (%)	Current Acc (%) 0	Current Acc (%) 1	Country	Year	Capital Acc. (%)	Current Acc (%) 0	Current Acc (%) 1
MAURITIUS	1991	-5.9	3.9	0.6	SEYCHELLES	1990	-7.9	9.3	1.3
CONGO, REPUBLIC OF	1982	-13.8	7.8	-3.8	SURINAME	1989	-43.5	44.4	-32.2
CONGO, REPUBLIC OF	1987	-22.5	22.8	-10.4	ANTIGUA AND BARBUDA	1987	-13.6	9.3	25.5
NETHERLANDS ANTILLES	1982	-10.7	10.4	-7.8	SURINAME	1992	-27.8	44.2	6.5
GUINEA	1989	-12.6	1.9	0.2	GAMBIA, THE	1984	-20.8	20.3	-1.3
CONGO, REPUBLIC OF	1989	-12.3	16.6	-5.4	CAPE VERDE	1990	-10.3	3.2	-0.8
TOGO	1980	-16.6	15.5	3.8	SEYCHELLES	1987	-5.3	7.5	-1.5
MOZAMBIQUE	1997	-5.1	6.1	-2.6	SOLOMON ISLANDS	1976	-26.7	27.4	6.0
TOGO	1979	-6.7	2.5	15.5	GUINEA-BISSAU	1986	-34.8	14.4	12.4
AZERBAIJAN	1999	-12.9	10.1		SOLOMON ISLANDS	1983	-8.6	8.3	11.7
SIERRA LEONE	1981	-5.6	3.6	-1.5	GAMBIA, THE	1986	-13.7	-0.9	3.9
MALAWI	1981	-9.5	9.2	2.3	SURINAME	1987	-10.5	16.0	-3.6
MAURITIUS	1981	-6.3	-2.5	9.0	ST. LUCIA	1983	-19.7	18.3	-3.6
NETHERLANDS ANTILLES	1984	-8.5	7.5	19.6	ANTIGUA AND BARBUDA	1983	-25.9	24.2	6.3
FIJI	1982	-6.3	6.0	2.1	SEYCHELLES	1983	-11.3	9.7	9.0
ALBANIA	1998	-10.7	9.7	-2.1	SOLOMON ISLANDS	1998	-12.0	12.9	4.4
SIERRA LEONE	1983	-12.6	10.6	-0.2	COMOROS	1988	-14.0	7.7	5.9
NETHERLANDS ANTILLES	1985	-9.8	19.6		GUINEA-BISSAU	1987	-5.8	12.4	-8.0
ALBANIA	1995	-22.8	7.6	-3.5	GUINEA-BISSAU	1989	-9.4	-3.7	19.1
CONGO, REPUBLIC OF	1984	-29.9	28.7	-17.0	SOLOMON ISLANDS	1999	-12.4	4.4	
GEORGIA	1998	-8.0	-0.4	3.2	SEYCHELLES	1984	-8.3	9.0	-2.6
BARBADOS	1982	-8.0	8.9	-0.1	GRENADA	1994	-9.3	9.1	-4.4
BARBADOS	1984	-7.6	5.4	3.0	GUINEA-BISSAU	1993	-24.1	16.7	6.7
CONGO, REPUBLIC OF	1997	-42.6	32.8		ST. VINCENT & GREN.	1995	-9.2	8.2	2.9
BENIN	1989	-7.3	5.6	-0.1	MALDIVES	1994	-17.2	20.1	-2.1
NICARAGUA	1990	-16.5	5.5	13.0	GUINEA-BISSAU	1994	-8.4	6.7	5.6
TOGO	1992	-7.3	0.6	1.5	DOMINICA	1996	-7.7	5.3	3.1
BENIN	1983	-17.1	17.4	6.9	DOMINICA	1991	-7.4	7.5	5.4
FIJI	1996	-6.4	6.4	-2.3	ST. KITTS AND NEVIS	1992	-7.2	12.5	-6.5
NICARAGUA	1994	-25.7	-2.1	10.0	SOLOMON ISLANDS	1986	-12.8	15.8	-1.0
BENIN	1984	-5.7	6.9	1.7	ST. KITTS AND NEVIS	1991	-8.8	8.3	12.5
BARBADOS	1992	-6.2	10.4	-4.7	COMOROS	1985	-7.2	18.0	2.8
FIJI	1987	-7.1	1.0	4.1	ST. VINCENT & GREN.	1983	-5.2	9.9	1.8
FIJI	1991	-5.6	2.2	0.7	VANUATU	1990	-11.6	4.6	-1.3
MAURITANIA	1983	-6.0	9.8	11.8	GRENADA	1984	-18.3	18.2	-1.3
MOLDOVA	1998	-5.5	-5.7	18.5	EQUATORIAL GUINEA	1992	-31.7	24.3	8.7
ARMENIA	1999	-5.4	5.4		VANUATU	1998	-7.7	13.6	-7.2
MAURITANIA	1987	-18.9	8.0	6.2	ST. VINCENT & GREN.	1981	-11.0	14.4	-11.6
GUYANA	1983	-11.2	-2.9	10.0	DOMINICA	1983	-12.0	8.6	-5.7
TOGO	1993	-7.5	1.5	0.9	MALDIVES	1986	-5.6	6.2	9.0
MAURITANIA	1984	-9.3	11.8	-1.8	DOMINICA	1981	-11.0	4.9	8.5
TOGO	1984	-6.5	9.3	-7.2	MALDIVES	1985	-6.5	15.3	6.2
RWANDA	1995	-7.0	10.6	-5.1	TONGA	1989	-27.5	20.8	-1.6
SURINAME	1984	-5.2	14.3	12.3	TONGA	1981	-5.6	3.6	19.9
LESOTHO	1978	-7.2	6.8	-2.7	MALDIVES	1987	-10.1	9.0	-0.5
SWAZILAND	1993	-13.7	-2.3	6.6	TONGA	1982	-17.3	19.9	-9.7
MAURITANIA	1993	-22.8	-8.5	11.6	MALDIVES	1984	-20.5	20.1	15.3
SWAZILAND	1999	-8.1	2.8		MALDIVES	1983	-17.3	-2.0	20.1
MAURITANIA	1996	-5.2	6.1	-3.8	ST. KITTS AND NEVIS	1984	-18.0	18.5	-2.4
SIERRA LEONE	1991	-9.2	9.6	-2.7	MALDIVES	1981	-9.6	7.2	5.2
SWAZILAND	1987	-7.0	8.8	2.4	SAO TOME & PRINCIPE	1983	-14.8	30.6	-5.9
LAO PEOPLE'S DEM.REP	1998	-6.1	5.9	12.3	TONGA	1985	-13.9	9.7	1.0
LESOTHO	1977	-16.0	15.7	6.8	SAO TOME & PRINCIPE	1977	-46.9	30.5	-10.7
LAO PEOPLE'S DEM.REP	1997	-13.8	2.2	5.9	KIRIBATI	1983	-24.8	25.4	18.2
SWAZILAND	1986	-10.2	13.0	8.8	KIRIBATI	1994	-5.7	15.7	
LESOTHO	1989	-7.1	6.8	8.5	KIRIBATI	1987	-5.4	-1.8	7.3
LESOTHO	1999	-23.6	6.6		ARUBA	1992	-26.9	26.8	-1.0
SWAZILAND	1984	-7.3	3.6	5.0	ARUBA	1994	-5.9	2.9	
ST. LUCIA	1992	-5.9	5.2	1.4	ARUBA	1998	-5.7	10.8	
GAMBIA, THE	1982	-23.5	12.2	-5.3	LIBERIA	1984	-11.6	9.5	5.2
DJIBOUTI	1993	-10.5	11.4	-2.2	SOMALIA	1983	-18.9	3.6	1.6
ANTIGUA AND BARBUDA	1990	-13.6	14.0	-0.2					
DJIBOUTI	1995	-9.9	4.8						
ANTIGUA AND BARBUDA	1988	-23.7	25.5	-8.6					
CAPE VERDE	1995	-9.9	-1.4	5.6					

Table A.3

Variables	Definition and Source
AFRICA	Dummy variable for african countries.
ASIA	Dummy variable for asiatic countries.
DEFGDP	Ratio of Deficit (or surplus) to GDP (Source: IMF line 80 / line 99b)
DCREDITVAR	Domestic Credit Variation (Source: IMF line 42D)
FLM	Ratio of Foreign Liabilities to Money (Source: IMF line 16C/ line 34).
INDUS	Dummy variable for industrial countries.
LATAM	Dummy variable for Latin American countries.
LYSAVG	Average de facto exchange rate regime of the region (Source: Levy Yeyati and Sturzenegger (2002)
OPENNESS	Openness, (ratio of [export + import]/2 to GDP) (Source: IMF (line 90c+line 98c)/2/ line 99b).
QMM	Ratio of Quasi Money over Money (Source: IMF line 35/ line 34)
SIZE	GDP in dollars over USA GDP (Source: WDI Series Code: NY.GDP.MKTP.CD).

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