CHAPTER II

REVIEW OF LITERATURE
A Brief survey of relevant literature is as follows:

David Mcc. Wright (1940)¹

The author's study on, "The Economic Limit and Economic Burden of an Internally - held National Debt" examines the burden of domestic debt. The study concludes that, even though interest charges and consequent tax friction are rising absolutely, the relative tax friction may be decreasing, if the national money and real income is increasing at a faster rate. Thus if we have a genuine growth in the taxable capacity of the country, rising interest bill is not a matter of immediate concern. Nor will it be a matter of concern as long as the taxable capacity continues to grow as fast, or faster than the taxes.

Lerner, A.P. (1948)²

In Learner's view, "an increase in the national debt ... can make the owners of government bonds less willing to work. One of the reasons for working, the earning of money to put away for the rainy day is weakened .... because there is more put away already for rainy days.

Pigou, A.C. (1949)³

The author's study on, "A Study in Public Finance" state's, It is sometimes thought that whether and how far an enterprise ought to be financed out of loans depends on whether and how far future generations

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will benefit from it. This conception rests on the idea the cost of anything paid for out of loans falls on future generations .... Though twenty-five years ago this idea could claim some respectable support, it is now everywhere acknowledged to be fallacious.

Buchanan, James M. (1958)\textsuperscript{4}

The author's study on, "Public Principles of Public Debt" concludes that, the purchaser of a Government security does not sacrifice resources for the public project; that is, he does not pay for the project. He pays for real income in some future time period; he exchanges current command over resources. No payment or sacrifice is involved in any direct sense. The public project is purchased and paid for, by those individuals who will be forced to give up resources in the future.......

It is not the bond purchaser who sacrifices any real economic resources anywhere in the process. He makes a presumably favourable exchange by shifting the time shape of his income stream. This is not one bit different from the ordinary individual who presumably makes favourable exchanges by shifting the structure of his real asset pattern within a single unit of time.

Bowen William G; Davis Richard G., Kopf David H. (1960)\textsuperscript{5}

The author's study on their paper, "The Public Debt : A Burden on Future Generations?" examines the burden of public debt. The study concludes that, while the resources consumed by a debt financed public project must entail a contemporaneous reduction in private consumption, the issuance of government bonds permits the generations alive at the time the
A public project is undertaken to be compensated in the future for their initial sacrifice. Generation I, merely makes a loan its reduced consumption, and the real reduction of consumption is borne by the generation (s) alive at the time this loan is extinguished. Consequently even though the real private consumption of the community as a whole need not be altered by the growth of public debt, it is still possible for the distribution of the community's private consumption between generations to depend on whether or not public project are debt financed.

Hans, Neisser (1961)^6

In his study entitled, "Is the Public Debt A Burden on Future Generation?" the author examines the burden of public debt. The study concludes that, First, if the inducement to invest is inelastic, private investment may fall short of the saving potential even at the lowest possible interest rate and thus government borrowing would not reduce private investment .... And second, if current private investment though equal to the saving potential, is so high that a further appropriate increase (by something like the Harrod-Domar growth rate) cannot be expected, and that therefore under-utilization is likely in subsequent periods, current government borrowing will not reduce future income and consumption.

Mishan, E.J. (1964)^7

According to author's study if for instance, the Government invests the funds in productive assets whose services could be sold profitably to the public, it would have no need to raise taxes on future generations to
service the debt. We might even go further and suggest that if such services were not sold direct to the public but distributed on some other system, the tax payments required to service the debt could be more than offset by this increase in real income and taxpayers as a whole made better off by this debt financed government expenditure.

Lerner, A.P. (1966)\(^8\)

The author's study entitled, "Functional Finance and Public Debt" examines the burden of domestically held debt. He concludes that, even if the interest on the debt is raised out of current taxes, these taxes constitute only the interest on only a fraction of the benefit enjoyed from the government spending, and are not lost to the nation but are merely transferred from taxpayers to bond holders.

Ghuge, V.B. (1968)\(^9\)

The author's study on, "Public Debt Management and Monetary Policy", finds that, the rise in prices during 1956-66 warranted rigorous use of the instruments of monetary control, particularly the Bank Rate. The Reserve Bank, however, did not adopt such a policy for fear of adversely affecting the bond market and raising the servicing costs of public debt. Actually, public debt management, aiming at rational allocation of real resources, itself demanded appropriate upwards revision of the rates of interest in order to increase the competitiveness of Government securities. So there was no conflict between public debt management and an anti-inflationary monetary policy as mistakenly assumed by the monetary authorities.
Dr. Barman, Kiran (1977)  

The author believes that the effect of the rapid rise in internal public debt is not so burdensome as to require the imposition of statutory limit to borrow by the government. The size of public debt does not matter so long as it is used for the achievement of economic development with stability.

Rele, Subhash J. (1980)  

In Author’s view, there has been a 100-fold increase in India’s public debt in recent years. Though much of this debt is internally secured and does not alter the content of the wealth of the nation yet it has serious implications for the future generations which will have to redeem it with interest. It is necessary that the Government evolves a national policy towards public debt which is imbued with logic and reason.


Makin views that the international debt crisis as part of a larger tendency for Governmental debt including that of advanced nations to balloon out of proportion to the real ability to sustain it.

Derycke, Pierre Henri ; Gilbert, Guy (1985)  

In the French institutional framework, local Government borrowing policy is under the tight control of central agencies. An econometric model of the borrowing behaviour of local governments between 1965 & 1980 is
presented based on data from the Ministry of the Interior’s Direction genealedes collectivities locales on 687 local communes with populations of 10000+. The roles of internal determinants, external constraints, and macroeconomic policy measures from the Central Government are emphasized.

Frederick F. Clairmonte, John Cavanagh (1986)\textsuperscript{14}

It is impossible that the outstanding principal of Third World Debt will ever be repaid. Simply deferring interest payments and principal to the transnational banking circuit and seeking, like an obsequious mendicant rescheduling agreements will perhaps mitigate the bleeding and the pain; it can by no means stop the haemorrhage. Nor is it desirable that the debt should be repaid. Debt repudiation stands out as the only ethically feasible and rational solution for the Third World.

Pendharkar, V. G. (1986)\textsuperscript{15}

The author’s study on "Governmental indebtedness: the growing worry in Indian reference concludes that, It is clear that what the Government needs to do is to hold down the rate of increase of internal debt and, even more importantly, the rate of increase of interest payments burden on the revenues to levels which will result at least in balanced revenue budgets if not surplus ones. Secondly, it must adopt an interest policy which will promote savings through the normal channel of marketable debt instead of the present one of mobilizing through the euphemism of small savings which are both costly to the exchequer and result in regressive income transfers. Interest rates on marketable debt should be such that they are marginally higher..."
than those for bank deposits for similar maturity and marginally smaller than first class debentures for similar maturities at the long term end. There should be a withdrawal of costly concessions for investment in government loans. Instead the interest rate on small savings should be high, say 15 per cent per year, and there should be no concessions in income tax. In the course of time such a policy will, if it succeeds in making investment in marketable loans popular also enable the Reserve Bank to use open market operations as a useful instrument of monetary policy, a thing which it is unable to do at present.

Patnaik, Prabhat (1986)\textsuperscript{16}

The author’s study concludes that selling government securities to buyers other than the Reserve Bank of India as a means of financing public expenditure is less inflationary than selling securities to the Reserve Bank. This view has recently received the support of even the Chakravarty Committee on the working of the monetary system. The first two sections of the paper focus primarily on the behaviors of banks and the processes of money creation and inflation, on the assumption of a given monetary policy-complex, notably a given spectrum of interest rates; Section III explores briefly the effect upon inflation and distribution of income of a rise in the interest rate on government securities.

Dietz, - James - L (1986)\textsuperscript{17}

An examination of necessary conditions for resolving the debt crisis in a manner consistent with economic growth. After considering the weight of internal and external causes of debt accumulation, the applicability of the

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East Asian model of development to the Latin American economies is examined and reformulated such that the focus is on the institutional structures that impede or facilitate a process of dynamic adjustment to change, rather than an model characteristics. The nature of the institutional evolution compatible with resolving the debt crisis along a nonausterity growth path of development is also discussed.

Rizzo, I.; Peackock A. (1987)\textsuperscript{18}

A proposition derived from public choice theory contends that the replacement of current tax financing by government borrowing reduces the perceived price of government goods and services and increases their demand. Examines two important empirical tests of this proposition by Niskanen and Shibata & Kimura and offers reasons for questioning their conclusions. However, their support for the original proposition is derived from the perceived price of future expenditures, which will be reduced by the growth in government unfunded pension obligations.

Rakshit, Mihir (1988)\textsuperscript{19}

As noted by Mihir Rakshit, there has been a sharp rise over the last decade in interest rates on government borrowings with the result that interest payments have emerged as an important factor contributing to the budget deficit (on revenue account). The government proposes to rely more and more on direct borrowings from the households through issue of debentures with a net return of no less than 15 per cent. The full impact of the new policy will be felt only after seven to eight years. However, "the magnitude of its burden on resource mobilization may be indicated by the
fact that, were the current policy in respect of borrowing pursued from, say, the early seventies, the present interest obligations of the public sector would have been 50 per cent more and constituted roughly 8 per cent of GDP……"

Gemmell, N. (1988)\textsuperscript{20}

The results of the study shows that, the rate of growth of total debt, and interest payments, is a function of the growth rate of annual deficits, bond maturity structures, and the nominal rate of interest. Interest rates only affect the rate of growth of debt, however, when debt service payments are not wholly financed by tax revenues.

Danns, D.E. (1988)\textsuperscript{21}

The public debt in Guyana has risen to virtually uncontrollable levels. The internal debt is a result of large budgetary deficits. The external debt can be attributed in part to declining production and export earnings. In both cases fiscal and financial management of the economy are largely responsible for the debt trap into which Guyana has fallen.

Buiter, Willem - H. ; Patel, Urjit - R. (1990)\textsuperscript{22}

The paper studies the solvency of the Indian public sector and the eventual monetization and inflation implied by stabilization of the debt – GNP ratio without any changes in the primary deficit. The non stationarity of the discounted public debt suggests that indefinite continuation of the pattern of behavior reflected in the historical discounted debt process is inconsistent with the maintenance of solvency. This message is reinforced by the recent behavior of the debt-GNP ratio and the ratio of primary surplus plus... (72)
seigniorage to GNP. Our estimates of the base money demand function suggest that even maximal use of seigniorage will not be sufficient to restore solvency.

Flowers, M.R. (1990)\textsuperscript{23}

The author's study on "The Constitutional Politics of Public Debt" concludes that, outlines the Barro and the Buchanan-Roback approaches to the debt burden, expanding the latter to a majoritarian politics scenario. Argues that an electorate can agree to imposing restrictions on increasing its own consumption at the expense of future generations, provided there is a mixed population of voters ... some intergenerationally altruistic, some not".

Chelliah, - Raja - J. (1991)\textsuperscript{24}

This paper traces the causes of the rapid growth of India's public debt, with special reference to internal debt. It then demonstrates that the growth of debt would become unsustainable by the end of the 1990's if the present trends continue. It develops a methodology to iterate the path of growth of debt to discover the sustainable level of the primary deficit. Finally, it suggests concrete measure to bring down the primary deficit.

Roy, - Kartik - Chandra ; Sen - Raj - K. (1991)\textsuperscript{25}

In author's view Internal debt situation in India and Pakistan is not so different from that in other developing economies. Internal debt poses just as many problems as external debt. Since a sizeable proportion of the total internal debt consists of the public debt and since a large percentage of
that debt goes toward financing the budget deficit, both public debt and budget deficit ought to be reduced. The effects of a large debt and large deficit are not confined to the internal sector but spread to the external sector as well thereby increasing the need for more internal and external loans.

**Bhattacharya, B-B ; Guha, Srabani (1992)**

This study analyses the causes of the rising domestic and external debt of India and the effects thereof on growth, inflation, and balance of payments. To this end, A medium-sized micro econometric model is estimated. Counter-Factual simulations are carried out to evaluate the debt policies of the eighties. The major findings of the study are as follows: first, the hike in the interest rate structure is a major cause of the rise in debt / GDP ratio in the 1980s; second, debt and growth are interdependent through government budget constraint and public investment behavior; third, the exchange rate policy has limited options with respect to external debt; and finally, government current expenditure is rising much faster than the sustainable level. The overall conclusion is that there is a need for a drastic reform in the behavior of government revenue and expenditure.

**Mritiunjoy, Mohanty (1992)**

This paper, focusing largely on the Latin American experience, seeks to analyse, from a systemic viewpoint, the various solutions that have been tried in the effort to defuse the debt crisis. It examines the nature of the solutions, their stated rationale, success or failure as well as the impact on debtor economies, besides also seeking to explain the underlying systemic
tendencies which required the kind of response that the debt crisis has elicited so far. The attempt is to analyse the crisis within the explicit framework of an unequal but interdependent world and how both these aspects have affected the process of resolving the crisis.


The paper studies the solvency of the Indian public sector and the eventual monetization an inflation that would be implied by stabilization of the debt-GNP ratio in the absence of changes in the primary deficit. The non stationarity of the discounted public debt suggests that indefinite continuation of the pattern of behavior reflected in the historical time-series process is inconsistent with the maintenance of solvency. This message is reinforced by the recent behavior of the debt-GNP ratio and of the ratio to GNP of the sum of the primary budget surplus and seigniorage. The author’s estimates of the base money demand function suggests that even maximal use of the inflation tax would not be sufficient to restore solvency. Measures to reduce the primary deficit and therefore unavoidable.


Study concludes “US states rely more on long term than short term debt ; there has been a dramatic shift from reliance on general-obligation debt to nonguaranteed debt. Also finds that the increase in long term indebtedness has been relatively gradual when measured in constant dollars. Considers the extent to which state governments are relying on these various types of debts for raising revenue, and discusses normative implications such trends might have for states, especially relating to intergenerational equity.”
Ghatak, Subrata; Levine, Paul (1992)

The author's use a small macro model of the Indian economy to examine the cost of the adjustment required to secure national solvency. This is compared with the corresponding cost if India were to repudiate its debts and experience financial autarky as a consequence. Their empirical results suggest that a small drop in the trend growth rate, resulting from a loss of foreign investment and lending to the domestic sector, is sufficient to deter renegotiation, but only if the government is sufficiently far-sighted and chooses a discount rate of 5% (or less) a year. Debt relief generally improves the relative attractiveness of debt repayment.

Nandkumar, Parameswar (1992)

The author's study on "Will Devaluation Reduce the Debt-Burden?" concludes that, A devaluation which improves the trade balance in a setting where the Marshall–Lerner condition governs, need not imply a reduction in the current account deficit and the debt-burden as well. Modified Marshall-Lerner conditions demanding higher trade elasticities, easier appeased the more open economy have to be satisfied.

George, Susan (1992)

The author examines the "relationships between Third World Debt and its 'boomerang' impact on creditor nations .... The book argues that the 'debt boomerang' on its return trip contributes to disturbing global climate and reducing biodiversity, flooding Northern markets with cocaine, extorting money .... To subsidies commercial banks, robbing Northern industries and agriculture of hundreds of thousands of jobs, encouraging immigration to the North and contributing to global instability."
Miller, G.J. (1993)

The author argues that, as debt management's importance has increased, government's dependence on debt intermediaries has grown to the point of scandal, requiring action. Dependent public managers, who head debt management networks that issue and sell debt to investors, question the decisions that intermediaries make with reluctance, and they fail to force accountability.


In his study the author discusses the question of measuring debt burden and uses these measures to demonstrate the changing composition of debt and to document the diversity in debt practices among states. Analyses whether institutional, fiscal or socio-economic factors best explain this variation.

Hildreth, W.B. (1993)

The author reviews the market behavior of issuers—specifically, differences in terms of the capacity to borrow and the costs of borrowing and discusses strategies appropriate to these market concerns. Focuses on issuer strategies relative to individuals or groups with a formal stake in state and local debt financing.


This study updates and extends to the period 1988/89 – 92/93 their earlier analysis of the public finances of India. The foreign exchange crisis of early 1991 forced the government to recognize the severity of the crisis.
fiscal crisis it was facing and led to the implementation of a restrictive fiscal and monetary program. Regarding the magnitude of the fiscal correction that was undertaken, they conclude that it was insufficient. Furthermore, significant increases in the public debt-GDP ratio would be destabilizing and inflationary financing of public sector deficits is not an option. They calculate that a further permanent increase in the public sector primary surplus of about four and a half points of GDP is needed to achieve the modest objective of stabilizing the public debt–GDP ratio. On the revenue side this increase in the primary surplus is best achieved by expanding the direct and indirect tax bases and improving tax administration, collection and enforcement. On the expenditure side, reductions in the general government wage bill, in fertilizer subsidies, in some food subsidies and in operating and capital subsidies to public sector enterprises are recommended. For efficiency reasons and to support the proposed expenditure cuts, the overwhelming majority, of the public sector enterprises should be privatized and cut off from further government subsidies.

Fuller, D. (1994)37

The author’s study reviews the growth and current level of government indebtedness in South Australia and discusses which group (s) is likely to bear the main burden of such debt. The main consequences of high levels of state public sector debt, including budgetary inflexibility, are also examined.

Krichel, – Thomas; Levine, - Paul (1995)38

This paper presents a closed economy model of endogenous
growth driven by capital externalities arising from both private capital and public infrastructure. The model is calibrated to fit data for India, on approximately closed economy. Simulations suggest that fiscal policy certainly matters and the choice of the income taxation rate, the mix of government spending between infrastructure and public consumption goods and the long-run government debt/GDP ratio can all significantly affect the long-run growth rate. Intertemporal aspects of fiscal policy are also important and the precommitment (time-inconsistent) and non-precommitment policies differ substantially.

Cline, William R. (1995)\textsuperscript{39}

This work focuses on international debt. Cline aims to review and evaluate the nature of the debt problem of the 1980s, the main elements of debt theory (liquidity, solvency, and repudiation), and the phases of the debt strategy (emergency and coordinated lending, Baker Plan, and Brady Plan) \ldots\ldots. He concludes that the debt strategy was broadly successful in restoring capital market access and in safeguarding the international financial system, although debtor countries (unavoidably) had to suffer in terms of growth and high inflation.

Vithal, B.P.R. (1996)\textsuperscript{40}

The author's study attempts to show how India had a budgetary structure and practice which recognized the need to provide for amortisation of loans and how this was progressively dismantled. This has resulted in the issue of amortisation of debt being removed first, from the accounts and, subsequently, from all prudent planning of public finance. Consequently the
Onus of dealing with the problem of public debt has progressively shifted from the borrower to the lender.

Ghatak, Anita ; Ghatak, Subrata (1996)\textsuperscript{41}

In this paper author’s analyse the validity of the Ricardian equivalence (RE) theorem for a less developed country (LDC), i.e. India, for the period 1950-86. The RE theorem states that it is inconsequential whether a government deficits is financed by debt issue or by tax increases, since under certain conditions, the effect of government consumption on aggregate demand is orthogonal to the mode of financing fiscal deficits because rational economic agents consider today’s deficit financing as tomorrow’s tax liabilities. The use of multicointegration analysis and estimation of the rational expectations model both invalidate the RE hypothesis in India. There are significant crowding out effects on private consumption, but such effects on private investment are insignificant because they are expected to be already included in the effect of interest rates.

Marini, G.Scaramozzino, P. (1996)\textsuperscript{42}

The study analyses the distributional consequences of government debt in an over lapping generations model where there is a difference in endowments among agents. The policy exercise consists of issuing new debt to be repaid, including interest payments, in the following period. Hence, current debt is exactly equal to the present value of next period taxes.

Chelliah, Raja-J. (1996)\textsuperscript{43}

The author refers eight previously unpublished essays written since
1991 consider financial problems in the context of India's economic reform, highlighting the role of financial policies in the reform process. Papers discuss India as an emerging common market; liberalization and the changing roles of the center and the states; the meaning and significance of the fiscal deficit; financial and fiscal reforms in Asian countries; the growth of the Indian public debt and some remedies; an agenda for comprehensive tax reforms; the impact of the tax on corporate profits; and economic strategy for the nineties. Chelliah is Chairman of the National Institute of Public Finance and Policy, New Delhi.

The Annual Reports of R.B.I. (91/92, 95/96 & 96/97)\(^4^4\)

The Annual Reports of Reserve Bank of India for 1991-92, 1995-96 and 1996-97 have raised the issue of fixing borrowing limits of the Central Government by Parliament, thus:

"To ensure that the monetised deficit does not have deleterious effects on the economy, there is a need for a law restricting the extent to which the centre can run a deficit and moreover there should be a legal ban on the Government borrowing from all sources beyond a certain ceiling with a sub-ceiling on borrowing from the Reserve Bank of India."


"Along with the instituting of a Consolidated Sinking Fund is the need to consider the setting up of a legislative ceiling on public debt,"

“...... consideration should be given for placing a statutory ceiling on Public Debt. The Indian Constitution provides for placing a limit on public debt secured under the Consolidated Fund of India; it precludes, however, other liabilities covered under public account. Ideally, if a limit is contemplated, it should be on the total liabilities of the Government.


Labbens-Jean (1997)45

The paper presents a discussion of public debt from a historical perspective, focusing on the analyses developed by classical economists. The history of public debt is traced and problems addressed by classical economists are described as similar to those of today. The opinions of Charles Montesquieu, Adam Smith, Alexis de Tocqueville and David Ricardo regarding public debt are analyzed and related to current conditions. The relevance of the eighteenth and nineteenth-century economic theories for today's problem is evaluated.

Fry, - Maxwell – J. (1997)46

The study presents evidence that, contrary to the Ricardian equivalence theorem, it matters what particular method developing countries use to finance their government deficits and addresses some of the practical issues involved in establishing a voluntary market for government debt in countries that have not so far developed one. Discusses the government's intertemporal budget constraint and debt-deficit dynamics, illustrating with data drawn from 3 countries. Examines the interactive effects of deficits, debts,
and the way that deficits are financed in a large sample of developing countries. Considers four major ways that governments can finance their deficits: monetizing the deficit by borrowing at zero cost from the central bank; borrowing at below-market interest rates by thrusting debt down the throats of captive buyers primarily commercial banks; borrowing abroad in foreign currency; and borrowing at market interest rates from voluntary domestic private sector lenders. Drawing on the survey responses of the central banks in Ghana, India, Jamaica, Malaysia, Mexico, New Zealand, Shri Lanka, and Zimbabwe countries that had recently developed voluntary markets for government debt, discusses the prerequisites and pitfalls of the transition to voluntary market financing, the plays and the markets and the roles for the central bank.

Majumdar, Sumit K. (1997)

This paper examines the relationship between the debt-equity ratio and performance for a large sample of Indian firms. Extant theory posits a positive relationship between leverage and economic performance and this relationship is found to be valid in western economies. Analysis of data for a very large and representative sample of Indian firms, however, reveals the relationship for these firms to be significantly negative. The structure of capital markets in India, where both short-term and long-term lending institutions are predominantly government-owned, is postulated to account for the finding of this relationship, and it is shown that corporate governance mechanisms which work in the west will not work in the Indian context unless the supply of loan capital is privatised.
Singh, Charan (1999)\textsuperscript{48}

The study investigates the relationship between domestic debt and economic growth. The traditional view considers that in the long run, domestic debt has a negative impact on economic growth while the Ricardian equivalence hypothesis implies the neutrality of domestic debt to growth. In India, domestic debt has been incurred mainly on the consideration that it shall be used for investment purposes. The issue is empirically examined using the cointegration test and the Granger causality tests for India over the period 1959-95. Cointegration and the Granger causality tests support the Ricardian equivalence hypothesis between domestic debt and growth.

Shankar, Kripa (2000)\textsuperscript{49}

The author's analysis regarding the debt of Uttar Pradesh concludes that, the state government has failed to raise revenue to match the growing needs of the state. The state machinery is loath to cut its own expenditure and budgets over the years have been sacrificing development expenditure. Even so, the state is headed for a debt trap.

Patil, R.H. (2002)\textsuperscript{50}

The author's study on "Reforming Indian Debt Markets" concludes that, "While equity markets in India have got radically transformed since the 1991-92 securities scam, the government securities markets have not changed very much except that the Reserve Bank of India has significantly improved the settlement process. Recognizing the need for introducing transparency and to reform the secondary markets in government securities and money market instruments, the R.B.I. will soon operationalise the Negotiated Dealing
System (NDS). Simultaneously, the Clearing Corporation of India (CCIL) promoted by major banks, financial institutions and primary dealers, will be a key market infrastructure to significantly improve market efficiency and integrity. Together with the NDS, the CCIL will introduce major reforms in the way the government securities and money markets function today.

Ratha, Dilip (2002)\textsuperscript{51}

The Bank for International Settlements 1998 Capital Accord, recommends a smaller risk weight for short-term exposures to developing countries than for exposures with more than one year maturity. This paper shows that such differential treatment of risk may have been one of the factors behind the rapid growth of short-term banking debt to developing countries in the 1990's, believed to be one of the major causes of the financial crises in Asia, Russia and Brazil.
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