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ASENSIO DEL ARCO, Eva and HERNÁNDEZ ANDREU, Juan

Spain and the Bretton Woods monetary system

Abstract: This article contains an analysis of the Spanish economy during the first stage of the Bretton Woods Monetary System: the non-convertibility stage, a period when the peseta was excluded from international monetary agreements. A comparison between the road to convertibility followed by the European economies included in the system on the one hand and the Spanish economy on the other reveals similarities and differences in that process.

Key words: international financial system, international financial institutions, currency convertibility, exchange policy, Spain.

JEL Classification: F33.

**CERVIÑO FERNÁNDEZ, Julio, SÁNCHEZ HERRERA, Joaquín
and CUBILLO, José María**

Company competitive positioning, the *Made in Spain* effect and business success

Abstract: This empirical study analyzes the relationship between the variables relating to company competitive positioning on the one hand and country environment on the other, and the ultimate effect of the country of origin construct, as applied to Spain. It also measures how the country of origin effect impacts the success of Spanish companies abroad, examining such specifics as international consumer intention to buy Spanish products and brands, the popularity of such brands abroad and their market share.

Key words: international marketing, international competitive positioning, country of origin effect.

JEL Classification: F23, M31, O11.

CRESPO RUIZ DE ELVIRA, Clara and STEINBERG WECHSLER, Federico

Global financial interdependence: multiple equilibria in Bretton Woods II

Abstract. The present interdependence between the United States and Asian economies has been christened Bretton Woods II: the former provides a demand for Asian imports and the latter, intervening on currency markets to keep their currencies undervalued with respect to the dollar, finance American spending. This paper analyzes the situation using multiple Nash equilibria and non-cooperative game theory. Collapse is described as a second generation financial crisis, with the particularity that it would be set off by decisions by Asian central banks rather than private investors.

Key words: international monetary system, financial crisis, games, multiple equilibria, current account deficit, Bretton Woods.

JEL Classification: F31, F32, F42.

**DELGADO ALFARO, Mario, ORTIZ AGUILAR, Eulalia
and MARTÍNEZ ROLLAND, Miguel Ángel**

Debt sustainability in low-income countries.

Multilateral initiatives to solve the over-indebtedness problem

Abstract. As a result of their structural dependence on external financing, many developing countries are trapped in continuous over-indebtedness-restructuring or debt reprieve cycles. This phenomenon, a constant feature of the world economy over the last two decades, is one of the chief weaknesses of the international financial system. A number of different multilateral initiatives have attempted to find a solution, with mixed success. As no optimum solution has yet been devised, proposals for reform and improvement are constantly advanced. In any event, no debt arrangement will be successful unless it goes hand-in-hand with prudent and preventive macroeconomic policies. The present article reviews the problems of debt sustainability in developing countries and the attempted solutions.

Key words: international financial system, international financial institutions, external debt, developing countries, HIPC, Paris Club, World Bank

JEL Classification: F33, F34.

DOMÍNGUEZ MARTÍNEZ, José M. and RUEDA LÓPEZ, Nuria

**The dimension and role of the public sector in European Union countries:
recent trends**

Abstract: The purpose of the present paper is to evaluate the trends prevailing in the EU-15 countries in connection with the size and role of the public sector in the framework of the OECD countries. In addition to analyzing the evolution of public sector participation, the authors conduct an empirical review of a series of economic variables and relationships representing public sector involvement and size. The main results reveal, among others, the scant convergence in terms of relative levels of public spending, the anti-cyclical pattern of public sector growth and the difficulties involved in guaranteeing constraint in public spending in the immediate future. The study concludes with an analysis of the main measures adopted for more efficient public spending, an indispensable condition to be able to cover a growing demand for public services without jeopardizing the public spending objectives set out in the Stability and Growth Pact.

Key words: public spending, public sector dimension, efficiency, EU, OECD.

JEL Classification: D61, H11, H5.

FERNÁNDEZ GARCÍA, María Jesús and MORENO GARCÍA, Pablo

World Bank and IMF development policy challenges

Abstract: This article reviews the chief challenges facing two of the lead actors in member countries' development process: the World Bank and the International Monetary Fund. Notwithstanding the necessary coordination and the present cross-competencies between these two institutions, the challenges are analyzed separately for each, in keeping with a development policy that should be based on specialization, with involvement depending on each institution's comparative advantage.

Key words: international financial system, international financial institutions, development financing, World Bank, IMF.

JEL Classification: F33, F34.

FERNÁNDEZ SERRANO, José Luis and ROBLES FERNÁNDEZ, M.^a Dolores

Expectation theory and structural change: new evidence in Spanish short-term interest rates

Abstract: This paper analyzes the different implications of Expectation Theory on the behaviour of short-term interest rates in Spain. The presence of structural changes is analyzed with sequential procedures that endogenously detect not only whether changes have taken place, but the date when they occurred. Using this methodology, these interest rates are shown to have been affected by structural changes in mid-1993. The results appear to indicate that their failure to comply with Expectation Theory is directly related to such structural changes. When they are built into the model, the findings from May 1993 onward provide clear evidence in support of Expectation Theory.

Key words: interest rates time structure, term premium, co-integration, structural change, sequential tests.

JEL Classification: C15, C32, E43.

GONZÁLEZ FERNÁNDEZ, Sara and MASCAREÑAS PÉREZ-ÍÑIGO, Juan

In pursuit of international monetary system stability through a dollar-euro benchmark

Abstract: This study analyzes International Monetary System shift towards a bipolar mechanism that may make it advisable to create, officially or otherwise, a basket of currencies including primarily the dollar and the euro. The objective would be a more stable and credible international monetary system in the medium and long term that would focus efforts on wealth-generating investment, innovations tending to increase productivity and, in short, greater world-wide economic growth. Moreover, it would minimize the temptation

to use unreal exchange rates to conceal competitiveness problems and structural shortcomings.

Key words: international financial system, financial integration, exchange rates.

JEL Classification: F31, F32.

HERNANDO ECHEVARRÍA, Milagros and FRUTOS GOLDARAZT, Juan Antonio

The road to the Millennium Development Objectives: from the Washington consensus to the Action against Hunger and Poverty. Spain's contribution.

Abstract: Reflections, strategies and policies rolled out in past decades to achieve sustained growth in countries grouped under the conceptual umbrella of developing nations did not always achieve their intended goals. This paper describes the most relevant theoretical and strategic milestones in the area of development policies, from the formulas proposed by the so-called «Washington consensus» to the formulation of the Millennium Declaration and its Development Objectives, with a discussion on the progress made in reaching those objectives. Spain's contribution to meeting these commitments are described in this context.

Key words: international financial system, international financial institutions, development aid, external debt, World Bank, IMF, Spain.

JEL Classification: F33, F34, O19.

LANE, Philip R. and MILESI-FERRETTI, Gian Maria

Exchange rates and external adjustment: does financial globalization matter?

Abstract: This paper addresses the implications of financial globalization for exchange rate behaviour. The authors highlight two dimensions: first, a wider dispersion in net foreign asset positions implies stronger long-term trends in real exchange rates; and second, the impact of currency movements on net external wealth is an increasing function of the scale of international balance sheets.

Key words: international financial system, financial integration, exchange rates.

JEL Classification: F31, F32.

MARTÍNEZ TURÉGANO, David and SANTISO GUIMARAS, Javier

The private sector in the resolution of the sovereign debt crisis

Abstract: The purpose of this article is to analyze the role of private investors in solving the sovereign debt crisis, based on recent developments in Argentina. Acknowledging the exceptional nature of this example, a number of proposals are advanced to facilitate more

orderly debt restructuring processes, along with the guidelines that should inspire the solution of similar conflicts in the future.

Key words: international financial system, external debt, financial crisis, Argentina.

JEL Classification: F34, O19.

**MATILLA GARCÍA, Mariano, PÉREZ PASCUAL, Pedro A.
and SANZ CARNERO, Basilio**

Consumer function stability analysis

Abstract: This paper discusses an attempt to analyze the stability of consumer function parameters. The contrast procedure used, fairly uncommon in the literature, was based on Fourier analysis. A discussion of one of the earliest papers in which this hypothesis was introduced is followed by application of the methodology to contrast the short-term stability of the marginal propensity to consume (elasticity) in both the USA and Spain. No evidence was found to support the variability of these parameters.

Key words: Fourier analysis, stability test, consumer function.

JEL Classification: C22, E21, E32.

MAYER, Wolfgang and MOURMOURAS, Alex

IMF conditionality: an approach based on the theory of special interest politics

Abstract: One of the IMF's chief functions is to provide loans in support of member country efforts to correct their balance of payments deviations. Such loans are subject to conditions whose aim is to safeguard the IMF's resources and ensure policies are consistent with its purposes. The present article contains a review of some recent papers analyzing loan conditionality in the framework of the theory of special interest politics.

Key words: international financial system, international financial institutions, balance of payments, IMF.

JEL Classification: F32, F33.

NIETO PARRA, Sebastián

Financial system stability and capital regulation: the case of Latin American countries

Abstract: In the last 25 years, over 130 countries have undergone bank crises or serious banking problems, with a high fiscal cost. The origin of these crises lies in the flawed design of banking regulation and/or the lack of credibility of the economic policies applied. The present

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article analyzes several aspects of financial intermediary supervision and regulation through which the fragility of financial systems may be remedied and their stability enhanced.

Key words: international financial system, financial and credit institutions, bank crisis, regulation, Latin America.

JEL Classification: G15, G21, G28, O54.

RODRIGO DE RATO Y FIGAREDO

Evolution of international financial architecture and the role of the IMF

Abstract: This article analyzes the principal changes taking place in the international financial system in recent decades and describes how the IMF is attempting to respond to the emerging challenges. These include a more globalized approach to supervisory activity (focusing in particular on the financial sector and capital markets), the debate on access levels and the most appropriate instruments to confront the capital crisis, the pursuit of an adequate role for the institution in connection with the Millennium Development Objectives and improvements in internal governance.

Key words: international financial system, international financial institutions, IMF.

JEL Classification: F33.

SERRANO HERNÁNDEZ, María and SOLER VERA, Alberto

IMF precautionary programmes and signalling

Abstract: This article addresses one of the most controversial fields in IMF action today: its role in the prevention of capital crises. In particular, it attempts to show that the dispute between precautionary and non-financial programmes is artificial, since liquidity and market signals are inseparable effects that must be taken into consideration in national liability management. A level of exposure to the IMF between 0 and the access limit will be chosen on the grounds of an optimum decision on liability structure, with the former constituting a corner equilibrium of the problem.

Key words: international financial system, international financial institutions, financial crisis, IMF.

JEL Classification: F34, O19.

TORIBIO DÁVILA, Juan José

The Bretton Woods institutions: sixty years of change

Abstract: Sixty years after the Bretton Woods Conference that created the Monetary Fund and the International Bank for Reconstruction and Development (today the World Bank

Group), a number of economic events have necessitated the adaptation of these institutions' roles to respond to new international financial market circumstances and member countries' needs. This paper analyzes the evolution of the two institutions, reviewing the developments that have precipitated the main changes and identifying the challenges they will have to face in the future.

Key words: international financial system, international monetary system, multilateral financial institutions, World Bank, IMF.

JEL Classification: F33.

VALLE MAESTRO, Eva

International debt negotiations. Effects of the lending into arrears policy.

Abstract: The role of the International Monetary Fund in crisis solution has evolved in recent years, as evinced by the implementation of so-called «lending into arrears». This policy establishes the criteria for providing Fund financing when, after a balance of payments crisis, a country falls into arrears with its private creditors. The objective is, therefore, to contribute to the solution of crises, ensuring an orderly restructuring of the debt and recovery of external credibility.

Key words: international financial system, external debt, financial crisis, debt restructuring, IMF.

JEL Classification: F34, O19.

VEGARA FIGUERAS, David

The Spanish agenda in international finance policy

Abstract: The international financial system has undergone important change in recent years that has obliged multilateral financial institutions to revise their role in the system. The present article discusses the mainstays of the new IFI strategy, as well as Spain's main lines of action in the area of international finance.

Key words: international financial system, international financial institutions, development aid, external debt, World Bank, IMF, Spain.

JEL Classification: F33, F34, O19.