

Economics 170
International Macroeconomics
April 4, 2008

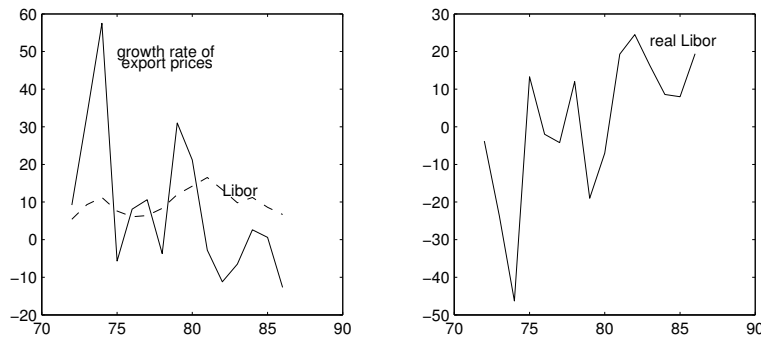
Handout on the Developing Country Debt Crisis

Table 1: Interest rates in the late 1970s and early 1980s

Year	Nominal LIBOR
1978	8.3
1979	12.0
1980	14.2
1981	16.5

Source: Andres Bianchi et al., “Adjustment in Latin America, 1981-86,” in V. Corbo, M. Goldstein, and M. Khan, ed., *Growth Oriented Adjustment Programs*, Washington, D.C.: International Monetary Fund and The World Bank, 1987.

Figure 1: Interest rates and export prices in Latin America (1972-1986)



Note: The real Libor rate is constructed by subtracting the rate of change in export prices from the nominal Libor rate.

Source: Andres Bianchi et al., “Adjustment in Latin America, 1981-86,” in V. Corbo, M. Goldstein, and M. Khan, ed., *Growth Oriented Adjustment Programs*, Washington, D.C.: International Monetary Fund and The World Bank, 1987.

Table 2: Interest payments in selected Latin American countries. Average 1980-81.

Country	Percent of Debt at floating rate	Interezst Payment to Exports ratio (%)
Argentina	58	15
Brazil	64	28
Colombia	39	16
Chile	58	28
Mexico	73	19
All Latin America	65	28

Table 3: Chile, trade balance and real exchange rate depreciation, 1979-1985

Year	Δe %	$\frac{TB}{GDP}$ %
1979		-1.7
1980		-2.8
1981		-8.2
1982	20.6	0.3
1983	27.5	5.0
1984	5.1	1.9
1985	32.6	5.3

Figure 2: The trade balance in Latin America (1974-1990)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), Preliminary Overview of the Economy of Latin America and the Caribbean, Santiago, Chile, December 1990.