1.	Record Nr.	UNINA9910972472603321
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	Titolo	Toward a Lender of First Resort / / Daniel Cohen, Richard Portes
	Pubbl/distr/stampa	Washington, D.C. : , : International Monetary Fund, , 2006
	ISBN	9786613823762 9781462310463 146231046X 9781451987348 145198734X 9781283511315 1283511312 9781451908626 1451908628
	Edizione	[1st ed.]
	Descrizione fisica	1 online resource (26 p.)
	Collana	IMF Working Papers
	Altri autori (Persone)	PortesRichard
	Soggetti	Capital movements Debts, External Debts, Public Financial crises Debt burden Debt default Debt Management Debt sustainability analysis Debt Economic & financial crises & disasters Exports and Imports Financial Crises Financial Risk Management International economics International Lending and Debt Problems Public debt Public finance & taxation Public Finance Sovereign Debt Argentina

Lingua di pubblicazione	Inglese
Formato	Materiale a stampa
Livello bibliografico	Monografia
Note generali	"March 2006."
Nota di bibliografia	Includes bibliographical references.
Nota di contenuto	""Contents""; ""I. INTRODUCTION""; ""II. THE FINANCIAL CRISES OF THE 1990's WERE DIFFERENT FROM THOSE OF THE 1980's""; ""III. DEBT CRISES OF THE 1990's: A TAXONOMY""; ""IV. CONFIDENCE CRISIS AND CRISIS OF THE FUNDAMENTALS: A THEORETICAL BENCHMARK""; ""V. OUR POLICY IMPLICATIONS: COLLECTIVE ACTION CLAUSES AND A LENDER OF FIRST RESORT""; ""REFERENCES""
Sommario/riassunto	If interest rates (country spreads) rise, debt can rapidly be subject to a snowball effect, which becomes self-fulfilling with regard to the fundamentals themselves. This is a market imperfection, because we cannot be confident that the unaided market will choose the "good" over the "bad" equilibrium. We propose a policy intervention to deal with this structural weakness in the mechanisms of international capital flows. This is based on a simple taxonomy that breaks down the origin of crises into three components: confidence (spreads and currency crisis), fundamentals (real growth rate), and economic policy (primary deficit). Theory then suggests a set of circumstances in which a lender of first resort would be desirable. The policy would seek to short-circuit confidence crises, partly by using IMF support to improve ex ante incentives. Theory also illuminates the potential role of collective action clauses in reducing the risk of self-fulfilling debt crises.