Title:

THE MACRODYNAMIC EFFECTS OF ALTERNATIVE RESOLUTION

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Keywords for Debtor Countries

The paper examines the macrodynamical effects of alternative resolution processes in debtor countries. The models used to analyze these effects are based on a dynamic general equilibrium framework that incorporates the interactions between the real and financial sectors. The empirical results suggest that different resolution strategies have varying impacts on economic growth, inflation, and financial stability. The paper concludes with a discussion of policy implications for minimizing the costs of resolution and maximizing the benefits for the debtor countries.
The Macroeconomic Effects of Alternative Resolution

The mechanism:

The net-exchange function in equation (12) is taken from the model of alternative resolution.

\[ \lambda I + \theta + \phi = \frac{1}{1+m} (\phi + 1) \]

(1.2)

The financial sector:

\[ (1+w)/\phi + \theta + \lambda = \frac{1}{1+m} (\phi + 1) \]

(1)

The overall economy:

\[ \theta + 1 = \frac{1}{1+m} (\phi + 1) \]

(2)

Price determination:

\[ (\phi + 1) (\theta + 1) = \frac{1}{1+m} (\phi + 1) \]

(3)

Money demand:

\[ M = G + C + BD - P \]

(6)

Money supply:

\[ P = \frac{1}{1+m} (\phi + 1) \]

(7)

Interest rate:

\[ i = \frac{1}{1+m} (\phi + 1) \]

(8)

The financial sector:

\[ L = M - S \]

(9)

The government sector:

\[ G = L - S \]

(10)

The exchange function:

\[ \phi + 1 = \frac{1}{1+m} (\phi + 1) \]

(11)

The economy as a whole:

\[ \theta + 1 = \frac{1}{1+m} (\phi + 1) \]

(12)

The overall economy:

\[ \lambda I + \theta + \phi = \frac{1}{1+m} (\phi + 1) \]

(13)

The exchange rate:

\[ \theta + \lambda = \frac{1}{1+m} (\phi + 1) \]

(14)

The net-exchange function:

\[ \theta + \lambda = \frac{1}{1+m} (\phi + 1) \]

(15)
The Macrophynarm Effect of Alternative Resolution

Figure I

TABLE I

Mean and Variance of Alternative Resolution Strategies

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Mean</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>0.5</td>
<td>0.2</td>
</tr>
<tr>
<td>B</td>
<td>0.3</td>
<td>0.1</td>
</tr>
<tr>
<td>C</td>
<td>0.7</td>
<td>0.3</td>
</tr>
</tbody>
</table>

Notes: (1) All strategies are based on the assumption that the initial conditions are as stated. (2) The mean and variance are calculated over a period of 1000 time steps. (3) The strategies are compared based on their ability to achieve the lowest possible variance. (4) The results are consistent with previous studies on alternative resolution strategies.
FIGURE VII

The macroeconomic effects of alternative resolution.

FIGURE VIII

Real wage and real exchange rate adjustment scenarios.
THE MACROECONOMIC EFFECTS OF ALTERNATIVE RESOLUTION
Debt Conversion Program in Venezuela

Abstract

The program has been successful in reducing government's debt in
The paper describes the debt conversion program and explains

References

Anhang