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Table A.35 **Currency Breakdown of Brazilian Foreign Debt,* 1973–85, Selected Years**
(in percentages)

Year	U.S. Dollar	German Mark	Japanese Yen	French Franc	British Pound	Swiss Franc	Other
1973	79.9	4.0	2.5	2.9	6.3	.7	3.6
1976	84.9	4.1	3.3	1.7	2.2	.5	3.3
1979	75.8	9.0	7.2	2.2	2.2	1.6	2.0
1982	82.9	5.8	5.7	1.7	.9	.9	2.1
1985	74.8	4.4	6.8	1.8	.7	2.0	8.4

Source: World Bank.

*Public debt outstanding and disbursed at the end of the year.

Notes

Chapter 1

1. See Albert Fishlow (1988a) and Eliana Cardoso (1988).
2. See Eliana Cardoso and Rudiger Dornbusch (1988).

Chapter 2

1. See World Bank (1984).
2. The trade price and quantity indexes are those of *Conjuntura Economica*.

Chapter 4

1. The Brazilian indexation experience is described and analyzed in Rudiger Dornbusch and Mário Henrique Simonsen (1986).
2. There are many studies of the Cruzado Plan, several of which are given in the reference list. See, for instance, Arida and Lara-Resende (1985), Cardoso and Dornbusch (1987), Lopes (1986), and Modiano (1986).

Chapter 5

1. The different concepts of the budget deficit of the public sector are explained in appendix 2 in this chapter.
2. When prices are fully flexible and the budget deficit increases, the economy can jump from one equilibrium characterized by low inflation and high real cash balances to another with higher inflation and smaller real cash balances. The price level jumps, adjusting velocity. The growth rate of the monetary base, μ , then, is all the time equal to the inflation rate, Π , plus the rate of growth of income, Y , times the elasticity of the demand for the real monetary base in relation to income, β . That means that under full price flexibility, seignorage is equal to:

$$(\Delta H)/P = \mu(H/P) = (\Pi + Y\beta)(H/P).$$

Chapter 6

1. The two series are reproduced in the statistical appendix.

Chapter 7

1. To obtain equation (1), we start from the equation for the balance of payments.

$$D_t - D_{t-1} = I^*D_{t-1} - NICA_t - NDCF_t$$

where D = external debt, $NICA$ = noninterest current account, and $NDCF$ = non-debt-creating capital flows. We divide both sides of this equation by current exports and use the definition of the growth rate of exports to obtain (1).

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