TEXTO PARA DISCUSSÃO Nº 389

Financial Liberalization and the Role of the State in Financial Markets

Heitor Almeida

NOVEMBRO DE 1995

INSTITUTO DE PESQUISA ECONÔMICA APLICADA

TEXTO PARA DISCUSSÃO Nº 389

Financial Liberalization and the Role of the State in Financial Markets

Heitor Almeida

NOVEMBRO DE 1995

Instituto de Pesquisa Econômica Aplicada

O Instituto de Pesquisa Econômica Aplicada - IPEA é uma fundação pública vinculada ao Ministério do Planejamento e Orçamento.

TEXTO PARA DISCUSSÃO tem o objetivo de divulgar resultados de estudos desenvolvidos no IPEA, informando profissionais especializados e recolhendo sugestões.

REPROGRAFIA
Edson Soares

Tiragem:250 exemplares

SERVIÇO EDITORIAL

Brasília - DF:
SBS Q 1, Bl J, Ed BNDES - 10º andar
CEP 70 076-900

Rio de Janeiro - RJ:
Av Presidente Antônio Carlos, 51 - 14º andar
CEP 20.020-010

SUMÁRIO

FINANCIAL LIBERALIZATION AND THE ROLE OF THE STATE IN FINANCIAL MARKETS

Heitor Almeida*

* Bolsita PNPE.

1 - THEORETICAL ASPECTS OF FINANCIAL LIBERALIZATION

The financial systems of the developing countries have evolved over time in an unequivocally similar way.[1] In the 1950's and 1960's, when their industrialization process intensified, their financial systems lacked the depth required for the pursuance of the development strategies set out by their governments. The financial systems were often foreign owned, and gave credit only to trading companies and export oriented firms. Local businesses had no easy access to the long term credit required for industrialization. The risk involved in the new projects was high, and the financial system lacked the means to deal successfully with this risk. Therefore, the governments of developing countries chose to intervene heavily also in their financial systems. The structure that emerged from this intervention was very similar across the developing world.

Commercial banks accounted for most of the financial activity. Many of them were government owned, and the ones that were not were heavily regulated. The government also established specialized financial institutions, such as development banks. Capital markets were unimportant, with the system being credit based. This credit was used as an allocation tool by the government, which directed it at subsidized rates to priority sectors or regions.

Although it is troublesome to make generalizations, the economies responded well to this development strategy. Growth was high in the developing world throughout the 50's and 60's, and in many countries the economy's structure reflected the bias of the credit allocation schemes, with the priority sectors growing in importance.

However, the slowing of growth that started in the 70's brought to the fore doubts about the real efficacy of this financial strategy. The pattern of government intervention was questioned in various aspects. Among these, we can stress:

- The control of interest rates often meant that lending and deposit real rates in the economy became very low, and even negative. According to some,[2] this discouraged financial savings, in. comparison with savings in real assets, and reduced the supply of funds for investment. Moreover, low interest rates may affect the quality of investment. If interest rates are kept artificially low, projects with low rates of return are encouraged. Given the limited supply of funds, this happens at the expense of projects with higher rates of return. It is true that the government can play the role of the market and select the best projects, but its ability to derive and implement an optimal investment plan can well be questioned. The final result of the government intervention, according to this view, is less capital, less efficiently allocated. This inefficient (welfare decreasing) government intervention in financial markets became known in the literature as **financial repression**.

[1]A good summary of the development of financial markets in developing countries can be found at the World Bank [World Bank (1989)].

[2]The leading and pioneer proponents of this view were McKinnon (1973), and Shaw (1973). For a more recent paper pursuing this point, and including some empirical evidence, see King and Levine (1993).

- As a result of financial repression, financial institutions were often in financial distress.[3] Borrowers who obtained cheap credit but who did not have good investment projects were often unable to repay the loans. Financial institutions became insolvent, decreasing further the level of financial intermediation.. Credit had to be directed to insolvent borrowers and banks, in order to avoid a complete failure in the financial system. This worsened the already bad allocation of financial resources.

- The distribution of directed credit often benefited large firms, not necessarily those with the most promising projects in terms of return. Of course, this contributed to worsen income distribution in developing countries [see Nugent and Nabli (1992)].

This critical view of government intervention in financial markets surely had policy implications. The notion that a program of **financial liberalization** was necessary for a resumption of growth in the developing world became widespread. The reforms in the financial system should typically include the decontrol of interest rates, reduction or even elimination of direct allocation of credit by the government, removal of barriers to entry for financial institutions, and a liberalization of controls in capital flows in and out of the countries. With these reforms, it was expected that the financial system would recover its role of efficient allocator of financial resources, and investment and growth would be stimulated.

Despite advocating the necessity of a reduction on the discretionary intervention of the government in financial markets, the literature also stressed the importance of a strengthening of the regulation and supervision of these markets. Following the liberalization of interest rates, there is a tendency for real interest rates to increase, as they had been artificially low. If lending and borrowing activities by the banks are not properly regulated, a moral hazard problem may arise, leading to unsound borrowing and lending practices.[4] More specifically, suppose that banks expect not to bear all the costs of a default of a borrower, if it occurs. With this, banks will have an incentive to lend at higher interest rates, as this increases its income, but does not increases its expected losses (as it would if banks had to bear the costs of a default, that becomes more likely given the higher lending rate). The probability that some borrowers will not be able to honor a loan increases, and a financial collapse becomes more likely. In order to avoid that the financial system becomes excessively exposed to risk, some regulatory measures are necessary, such as:[5]

- a standard of capital adequacy, that is, a requirement that banks maintain a capital/assets ratio that allows it to absorb eventual losses;

- a demand that banks make appropriate, realistic provisions for potential losses with specific loans;
- an entry legislation that avoids entrance in the financial market of unregulated, undercapitalized, poorly managed financial institutions. However, the legislation should be such as not to encourage an oligopolization of the financial system;

---

[3]Again, see the World Bank (1989) for a summary of financial distress episodes.

[4]The original argument belongs to Stiglitz and Weiss (1981). See also Villanueva and Mirakhor (1992).

[5]For a detailed appraisal of these regulatory measures, see World Bank (1989).

- limits on lending as a percentage of a bank's capital, so as to avoid portfolio concentration on a particular group of related borrowers;

- a guarantee that the legislation is effectively enforced, if unsafe banking practices occur, or if banking statutes are violated.

If the regulatory structure of the financial system was strong enough, there would be no doubt that the economy would benefit from financial liberalization. Improvements in the allocation of credit and an overall increase in savings, with the increase in the interest rates, would incentive a higher quantity of higher quality investment, and growth rates would increase as well. However, in the last few years, many criticisms and qualifications of this direct link between financial liberalization and development began to appear in the literature.

Stiglitz and Weiss (1981) showed that financial repression may not be a result of a deliberate government policy. In an environment characterized by uncertainty regarding the trustfulness of borrowers, the banks optimal policy may be to charge an interest rate lower than the equilibrium one, and to ration credit according to variables indicating the firm's repayment probability, such as sheer size. By charging a lower interest rate, banks can select projects with lower return variance, and therefore with lower probability of default. This would represent a market-originated financial repression. In this sense, financial liberalization per-se would not have any substantial effects on the financial system of an economy. However, this argument makes more sense to a developed economy [see Nugent and Nabli (1992)]. In the developing world, the existence of deliberate financially repressing policies is unequivocal.

A second line of criticism is that, despite of its admittedly negative effect on growth, financial repression might have other welfare improving effects in the economy. Given the existence of a fiscal deficit, some degree of financial repression may be efficient, as an aid to government financing.[6] Lower interest rates and less access to financial instruments increase money demand, and therefore allow a higher deficit to be financed via inflationary tax, for a given inflation rate. Therefore, governments may choose to pursue financially repressing policies, even though these policies decrease the growth rate of the economy. The obvious reply to this argument is that the government would do even better by reducing the fiscal deficit, and therefore the need for inflationary finance, allowing the introduction of financial liberalization policies.

However, the literature also has qualifications concerning the very core of the liberalization argument. Financial liberalization may actually be shown to have potential deleterious effects on growth, if a more careful theoretical analysis is pursued.

First of all, it has long been shown that interest rates and overall savings are not unambiguously related, because of the interplay of substitution and income effects [see, for example, Hebbel, Webb and Corsetti (1992)]. Increases in interest rates increase the price of today's, as compared to tomorrow's consumption (the substitution effect, that tends to increase savings), but allow less savings to provide for more future consumption (the income effect, which decreases savings). Therefore, the logical statement suggesting

[6]See Roubini and Sala-i-Martin (1992), and Bencivenga and Smith (1992).

that financial liberalization → higher interest rates → higher savings → higher growth would break down at step two.

Furthermore, Hebbel, Webb and Corsetti (1992) argue that financial liberalization could induce an important wealth effect. If liberalization allowed individuals greater access to higher yielding financial instruments, their monetary wealth would increase. With that, if it is admitted that consumption is positively related to wealth, aggregate savings could decrease. The authors show that, as soon as monetary wealth is included in a household savings function, interest rates do not show any clear effect on savings, in their estimation for a sample of 10 countries.

Another interesting point has been made by Pagano (1993). One of the benefits brought by financial deepening, which is supposed to follow a financial liberalization program, is a better diversification of risk. This, alone, is clearly welfare increasing. However, if we assume that a portion of total savings of individuals is precautionary, this risk diversification can have the effect of decreasing total savings.

All these arguments seem to be telling us that there is no simple relationship between financial liberalization, and its expected consequence of a greater access of individuals to higher yielding financial instruments, and aggregate savings. However, this does not bother the proponents of liberalization that much. They argue that the important variable for growth is not aggregate savings, but the portion of savings that is available for productive investment purposes. Even if aggregate savings decrease, financial liberalization could still be beneficial to growth. If liberalization really increases the access of individuals to better, higher yielding financial instruments, we should expect important portfolio shifts in a liberalizing economy. There is a clear tendency that the portion of total savings that goes to the formal financial system, in the form of bank deposits, and other instruments, should increase. If we admit that the main source of finance for the corporate sector is the formal financial system, this would have a positive effect on growth, maybe even with lower aggregate savings.

However, this argument is not free of qualifications. Buffie (1984) reminds us that the informal financial sector is subject to a lower reserve/deposit rate than the formal sector. Therefore, a shift of deposits from the informal to the formal sector would decrease, in this sense, the total amount of finance available for investment. More importantly, there is no guarantee that the portfolio shift that increases formal financial assets will have come from unproductive assets such as cash or gold. This is an important point stressed by Morisset (1993). Khathkate (1988) shows that as interest rates rise, and the demand for financial assets increases, the demand for capital goods decreases. Morisset argues that, if bank deposits are closer substitutes to capital goods than to unproductive assets such as cash or gold, the portfolio shift caused by financial liberalization may actually decrease investment.

A related argument, also by Morisset, is related to a possible decrease in the demand for government bonds, following the liberalization and the increase in the supply of private financial instruments. Again, if the fiscal deficit does not decrease, the government must search for new ways to finance it. One possible consequence of this process is a competition between government and private agents for the financial resources of the private financial system. This could cause a crowding-out of private investment by the government.

A last, and very interesting questioning of the beneficial effects of financial liberalization is developed by Japelli and Pagano (1992). Suppose that individuals are liquidity-constrained, because of financially repressing policies. This means that an increase in financial intermediation in the economy would allow them to increase present consumption. These individuals would then be competing with firms for credit, which would decrease the amount of funds available for productive investment. Therefore, some degree of repression in the mortgage and consumer credit markets could be desirable, in order to direct funds for corporate investment. Japelli and Pagano conduct empirical estimations that show a negative correlation between savings and growth ratios and indicators of the development of the consumer credit market, such as the ratio of consumer credit to GDP.

Therefore, there does not seem to be a clear-cut relationship between financial liberalization and the quantity of investment. However, those who support liberalization would still go unconcerned. As we mentioned above, one of the major effects of financial liberalization would be on the quality of investment. In financially repressed economies, projects with lower rates of return are encouraged, at the expense of other higher yielding projects, due to the artificially low interest rates, and to badly directed credit by the government. With liberalization, the market would be able to select the best projects, and this would increase the growth rate in the economy. Even if the number of investment projects decreased, the increase in their quality would mean that the economy benefited from the liberalization.

However, some qualifications must be made also to this argument. The ability of the market to always select the best investment projects can well be questioned. First of all, there is the moral hazard-adverse selection problem aforementioned. In the absence of a strong supervisory and regulatory system, a liberalization could lead to excessive intermediation at too high interest rates, endangering the health of the financial system. Nevertheless, this is still no strong point against liberalization per se, but a recognition that a liberalized financial system needs strengthened regulation. There is, however, one more objection to the assertion that the market can always select the best projects.

Stiglitz (1993) argues that the classical criticism of repressive financial policies, although seemingly based on sound economic theory, has failed to consider some important theoretical issues., He argues that the argument that financial repression leads to inefficient allocation is suspect, and so is the argument that financial repression causes a decrease in savings. We have already discussed the latter argument at large, so we concentrate on the first on. Siglitz has a series of important points to make. A lower interest rate may attract borrowers of higher quality, in the sense of having a greater chance of being able to repay the debt, despite having less chance of obtaining very high returns for their projects. For Stiglitz, there is a rationale even for the so heavily criticized directed credit programs. The main reason for this is amazingly simple. Banks may fail to allocate funds to the projects with the greatest social returns, if these are different from private returns. For an example, consider investments in new technologies. The firms that pioneer these investments may not be able to collect all the returns that arise from them, because of competitive imitation and the existence if technological spillovers. Therefore, directing credit toward technology intensive industries can promote innovation and long run growth.

One of the major criticisms of directed credit policies has been the fact that the government cannot easily pick out the sectors of the economy that should be favored, opening room for political and corporatist considerations that generate inefficiencies. Stiglitz considers that this needs not be such a problem. The answer is to "pick the winners" based on broadly based objectives, such as technology, or, as in the successful East Asian economies (we discuss the Korean case below), export orientation. If a firm is performing well in foreign markets, this may be a relatively safe indicator that this firm is in merit of government credit.

It seems that economic theory has no consensus about the true benefits of liberalization, or about the roles that the state should play in financial markets. The arguments favoring liberalization are sound, but all of them subject to qualifications or criticism. Those who still favor a strong allocative role of the state in financial markets have to face the argument that a real world government is very different from the textbooks benevolent dictators, having to face all sorts of political and agency problems. There may well exist a investment plan superior to that achieved by the market, but the ability of the government to effectively implement this plan is questionable. The fact that this point seems largely unresolved can only draw interest to the next section of our work, where we look at some practical financial liberalization experiences in the developing countries.

2 - Financial Liberalization -- The Experience

In the late seventies and eighties, some countries in the developing world have had particular experiences with financial liberalization. These experiences have pointed out to the importance of sequencing and timing of the reforms. If the liberalization occurs too fast, without the correspondent strengthening of regulation and supervision, financial collapse may occur. Also, the experiences with liberalization have shown that macroeconomic stability is a precondition for the financial reforms to work. A classic example in the literature is the story of the attempt of financial liberalization in Argentina, Chile and Uruguay in the late seventies.

2.1 - Financial Liberalization in Chile, Argentina and Uruguay in the Late Seventies

Before the reform, all three countries were experiencing severe macroeconomic disequilibrium, generated by distortions such as slowly adjusting exchange rates, pervasive price controls, restrictive trade regimes, and chronic balance of payments difficulties. During the pre-reform period, trade policies in Chile, Argentina and Uruguay were strongly biased in favor of import substituting industrialization and against exports. The reforms started around 1974 in Chile and Uruguay and 1976 in Argentina. The outcome of these reforms is well known, initial success but large increase in external indebtedness and major internal financial crisis.

The first task facing each country was to restore external balance and to control galloping inflation. However, in the three countries, inflation remained high several years after the contractionary policies had been announced. A second phase of the stabilization policy was based upon a pre-announcement of the future trajectory of the exchange rate. This instrument allowed for the control of the evolution of the prices of tradables as well as overall inflationary expectations. In practice, the devaluation schedule was less than the existing difference between domestic and world inflation. Soon, tradable sectors accumulated a large loss in competitiveness.

With different timing and intensity, all three countries removed price controls, liberalized interest rates, reduced restrictions on commodity trading and capital flows. The sequencing of the reforms differed in each country. Uruguay rationalized its fiscal system the most, Chile went the furthest in reducing trade barriers, and Argentina removed most restrictions on medium term capital flows. Nevertheless, rapid deregulation of domestic financial markets was a common feature of the reform in all three countries. The reforms began by progressively eliminating ceilings on interest rates and reducing restrictions in financial intermediaries. Argentina went from 100% reserve requirements and directed credit programs to a decentralized fractional reserve system. The Chilean government first loosened its control by allowing non bank intermediaries to operate without interest rate controls and later removed it from commercial banks. In Uruguay, dollar deposits were legalized and directed credit programs were dismantled.

The crisis became apparent in late 1980 in Argentina and in 1982 in Uruguay and Chile. Uncontrolled fiscal deficits in Argentina and Uruguay and wage indexation in Chile clashed with the tablita program, making the tendency for currency appreciation even worse. In order to be successful, the preannouncement model had to be moderate and short lived, to minimize foreign debt accumulation and adverse effects in the earnings of the tradable-producing sectors. Otherwise, the tablite would be judged unsustainable. The growing fiscal deficit, starting in Argentina in 1980 and in Uruguay in 1981 increased capital inflows and deteriorated the sustainability of the tablita, inducing capital flight. The fiscal deficits were not a problem in Chile. However, the existence of 100% backward wage indexation made the recovery of the real exchange rate a lengthy process and undermine the credibility of the tablita program.

Even before the adverse external developments of the early 1980, with the deterioration of the terms of trade and the increase on international interest rates, emerging doubts about sustainability of the tablita were reflected in increasing private capital outflows. Internally, the liberalization of the financial system meant that the economy was largely exposed to dollar denominated debt, and therefore vulnerable to a devaluation of the dollar, and to the capital outflows that occurred.

The regulatory and supervisory structures of the financial system were not compatible with the financial liberalization. In Chile, the government refused to provide deposit insurance and warned that would not bail out failed banks. However, when Banco Osorno, a medium sized bank failed in 1977, the central bank rescued the depositors completely. Thereafter, popular opinion had it that depositors no longer had to concern themselves with their bank's portfolios. The chains of events in Argentina and Uruguay were similar, depositors were rescued by their governments. The high real rates of interest observed by the end of the reforms partly reflected banks' raising deposit interest rates to attract new depositors to compensate for a great number of non-performing loans. Overall, the financial systems of the three countries exposed themselves excessively to risk, as a consequence of the lax supervisory system. This contributed greatly to the financial collapse that followed the foreign capital outflows and domestic currencies devaluations. Although the crisis had an important macroeconomic component, the effects of a troublesome financial liberalization were also an important factor.

2.2 - Financial Systems in Argentina and Uruguay -- Recent Developments

After the financial crisis in the early eighties, the financial systems in both countries faced similar problems. Confidence in the local financial systems faltered, and there was a run to replace domestic financial assets by dollar-denominated ones. In Argentina, the credit/GDP ratio decreased from 35% in 1983 to 20% in 1989. Fiscal deficits were consistently large, absorbing most of was left of domestic credit. Therefore, the private sector suffered from a serious lack of domestic finance. In Uruguay, there was a similar reduction in the disposability of credit for the private sector, with a reduction of 30% between 1983 and 1990. However, differently from Argentina, financial disintermediation did not occur in a global level. The deposits/GNP ratio increased throughout the eighties, to 60% in 1990. This was a result of the active policies pursued by the Central Bank, assuming defaulted credits, banks, and practicing a policy of implicit deposit insurance. However, the domestic financial system financed mostly the public sector. Smaller firms had particular problems to get domestic finance.

It was evident, in the early nineties, that the financial systems in both countries were in deep need of further reforms. In Argentina, the strategy of the government was to give incentives for a formalization of dollar denominated credit. Instead of fighting dollarization, the government aimed at using it to increase the depth of the domestic financial system, by allowing it to operate with dollar denominated deposits, and by guaranteeing full convertibility of dollars into domestic currency.

This policy has been relatively successful. The amount of credit available to the domestic financial system really increased, both in dollars and in pesos. The M3/GDP ratio grew from 4% to 17%, not considering dollar denominated deposits. However, the dollarization of the economy was substantial. In December/92, 45% of the total of deposits, and 40% of total credit were denominated in dollars. This dollarization brought some doubts about the ability of the economy to maintain the stability of the financial system. This increase in credit was basically used to finance consumption, and production of non-tradable goods. Most of the deposits, both in domestic and in foreign currency, have an extremely short maturity. In August/92, the average maturity for deposits denominated in pesos was 40 days, and 51 days for dollars. Therefore, the shortage of investment credit for the private sector has not been solved. All these factors still leave the Argentinean financial system extremely vulnerable to an external crisis. As the economy is unable to generate foreign currency by itself, any decrease in the capital flows towards the country may cause a major financial crisis, given the dollarization of the system and the short maturity of financial assets.

The situation in Uruguay is not much different. Only 15% of total financial assets, including M1, are denominated in pesos. In such a system, banks without government guarantees or links with external capital had little chance of surviving. Therefore, the domestic private financial system has virtually disappeared. All that is left are government and foreign owned banks. The only source of medium and long run credit is the BROU, which is a state bank autonomous from the central bank, and has the monopoly of receiving deposits from the government and public enterprises. The BROU is responsible for 30% of all deposits and credits in the Uruguayan economy, and also has functions related to international trade and international funds.

A recent reform in the Uruguayan financial system was an attempt to reduce the differences between the BROU and the rest of the financial system. There was an uniformization of criteria related to public sector deposits and accounting rules. The general aim is to increases the rentability of the BROU as a bank. However, this can be troublesome, as long term credit is non-existent in the rest of the Uruguayan financial system. The transformation of the BROU in a profit-seeking bank can mean the end of long term credit for the economy.

2.3 - Other Latin American Experiences -- Colombia and Mexico

2.3.1 - Colombia

The Colombian financial system also went through a crisis in the beginning of the eighties. At that time, the regulatory structure of the financial system was inadequate, leading to poor risk management and concession of credit that had a high probability of not being repaid. With the economic recession, and a reduction in capital flows to the developing world, the Colombian financial system became distressed. In 1985, the percentage of loans with high probability of default reached 25%.

Throughout the eighties, the regulatory structure of the system was much improved. New criteria of risk classification, with corresponding standards of capital adequacy and new accounting rules were established by the government. The government also needed to act more directly in the system, assuming debts and capitalizing institutions. Nearly 50% of the financial institutions went into direct government control.

These measures were quite effective, and the financial system managed to recover its solvency and rentability. However, by the end of the eighties, some important problems remained to be tackled. The Colombian economy still had a relatively low financial depth: private sector financial assets in 1990 accounted for 38% of GDP. The public sector was heavily dependent on foreign finance. The domestic financial system was effective only in financing short-term operations. Even the financial institution that would theoretically be responsible for long term finance of the private sector (the "corporaciones financieras") directed only 5% of its assets to investment financing. Long term credit in the Colombian economy came basically from foreign finance, or from Central Bank resources.

In 1990, a broad liberalization program for the financial system started being pursued. It included:

- privatization of financial institutions, in an attempt to reduce the relatively high participation of the public sector in the financial system (around 50% of all operations), a result of the nationalizations that occurred during the eighties;

- a liberalization of exchange markets, but avoiding a dollarization of domestic financial operations;

- a deregulation of the financial system, aiming at decreasing its segmentation. Each type of financial institution is still limited to a specific group of operations (for an example, commercial banks are prohibited from making equity investment). However, with the new laws, they can invest in branches of financial institutions that operate in areas restricted to them. Another important change was a flexibilization of entrance and fusion norms, and an elimination of restrictions to foreign investment in the financial sector.

However, some direct interventionism in the financial system has remained. Since 1993, a new law allows the Finance Ministery to fix maximum individual credit limits, and to impose a percentage of credit that must go to priority sectors. There is also a fund to finance agriculture (the Finagro), directing 7% of the deposits in banks and Corporaciones Financieras to this activity.

It is still early to evaluate the impact of these measures in the Colombian financial system. However, some problems clearly remain. The country is still relatively underbanked (in 1993, the M2/GNP ratio was only 17%, lower than the 23,8% average of developing countries). The branching system mentioned above duplicated administration and operation costs for the financial institutions. On the other hand there still are some areas of financial operations where there is little competition, allowed by the law. As in all countries above, investment financing is still an important problem. The Corporaciones Financieras tend to concentrate their operations to companies over which they have some corporate control.

2.3.2 - Mexico

The Mexican financial system went also through a reform in the late eighties, with liberalizing tendencies. Many commercial banks were privatized, and the creation of universal banks was stimulated. The financial system was opened to US and Canadian banks, in a gradual way. These banks are still subject to market share quotas and participation through subsidiaries subject to capital requirements. However, these quotas and requirements are scheduled to decrease with time. Meanwhile, the regulatory and supervisory structures were strengthened. Accounting rules were adapted to international standards, and form 1993 banks were required to grade at least 90% of their loan portfolio with respect to default risk, and to provide loan loss reserves for those.

An important part of the Mexican reforms was a redefinition in the role of the Nafin, the most important state development bank in Mexico. Before 1989, the main role of the Nafin was to finance public investment. In 1989, the Government decided that the Nafin would start giving priority to finance small and medium corporations. In 1991, 52% of the resources were directed to these corporations.

One of the main problems of the financial strategy of the Mexican economy is the heavy reliance of the Nafin on multilateral credit agencies as source of funding for its operations. In 1990, 83% of the funding came from such agencies. This implies in a relative rigidity in the loan operations of the Nafin, and in an excessive reliance on foreign finance in the economy. This was evident in the recent financial crisis in Mexico.

Although it is still early to fully evaluate the impact of the Mexican reforms, it seems clear it is necessary that the financial system gains access to more stable sources of long term resources, and that the economy relies less heavily on foreign finance overall.

2.4 - South Korea -- A Successful Liberalization

An example of a financial liberalization that had greater success is the case of Korea. As in most developing countries, Korea's banking system was used as a tool to promote industrialization in the 60's and 70's. There were ceilings on interest rates, with these ceilings being lower for preferential loans. The priority sectors (export, heavy chemical and large industries) had also preferential access to banking credit. Non-banking financial institutions (NBFI) were comparatively less regulated. Since the mid 70's, the government relaxed restrictions on entry of NBFIs , and their interest rate ceilings were comparatively higher than ceilings on the banking sector. Korea's financial system also comprised an active informal credit market (curb market), which operated in a competitive way, and accounted for a large part of the credit to the sectors of the economy which were considered non-priority sectors. However, after the loosening of restrictions on NBFI's, these started to take the place of the curb market in the financial system, although the informal market has remained active throughout the 70's.

After a period of very high growth in the 60's and 70's, GDP growth slowed in the period 1975/80, and was actually negative in 1980. Inflation was also increasing, and so was the external indebtedness of the economy. This situation triggered a series of reforms in the 80's, which included currency devaluation, tight monetary policy, contractionary fiscal policy, strict wage guidelines, liberalization of international trade and a liberalization of financial markets. However, this liberalization proceeded in a much more gradual manner than in the southern cone countries. This gradualism reflected the concern that a too rapid liberalization could raise interest rates too much and damage the highly leveraged industrial sector. Therefore, the policy makers chose to start the liberalization by the non-banking financial sector, which was already less regulated, and proceed slowly with the highly regulated banking sector, which was responsible for the credit to the priority sectors.

The reforms included measures to promote competition in the financial sector, such as privatization of commercial banks and entry of new institutions, including foreign ones. As mentioned before, the liberalization started with the non-banking sector. Their interest rates and asset management were further deregulated, and entry barriers were relaxed. They were also allowed to deal with a greater range of financial services.

In the banking sector, reforms were slower and more limited. Adjustment of interest rate ceilings by the government became more responsive to inflation. Various preferential loans were abolished in 1982, although some government subsidized loans remained. Also in 1982, credit ceilings on nationwide commercial banks were discontinued. Also in 1982, the interest rate differential between general and preferential rates that remained was reduced. In 1984, loan interest rate ceilings were replaced by an allowed range for interest rates, varying from 1,5% to 3%. In 1988, rates on most loans and other types of financial instruments (with the exception of government subsidized loans which remained) were totally free of control. As a result, in 1990, approximately 80% of bank loans and 20% of bank deposits had already been liberalized. However, in practice, the Korean government still pursues an active (but indirect) policy to avoid that interest rates rise too much, through policies such as influencing the appointment of officers at commercial banks. Keeping down the costs of capital is an explicit aim for Korean policy makers. They have also stimulated the functional efficiency of the financial system, making barriers to entry less active, and fostering the development of universal banking.

The main direct interference in credit allocation nowadays in Korea is aimed at favoring small and medium industries. Every financial institution is required to set aside a certain portion of their loans to those industries. The government also supports research and development (R&D), through tax breaks and direct finance of joint ventures between business and government. Targeted industries still receive credit with below market interest rate, if not the superpreferential rates that were prevalent in the past.

Another important change in financial policy in the 80's was an attempt to foster the development of capital markets. In 1981, stock trust funds for foreign investors were allowed for the first time in Korea. These funds became increasingly popular in the 80's, being supported by the World Bank and by the Asian Development Bank, who sometimes participate directly as underwriters. In order to increase the supply of stocks at the local stock market, big companies were prevented of borrowing from abroad, and ceilings on the debt/equity ratios of companies were established. The government also pursued policies to stimulate the demand side of the stock market. Government guarantees of corporate bonds, introduced in 1972, have continued. Measures were taken to reduce insider trading and improve disclosure. Tax breaks were provided, and investment trusts for foreigners were opened. NBFIs were allowed to hold securities in their portfolio, in an attempt to increase the importance of institutional investment in the stock market. Finally, the government allowed 5% of the issues of stock or debentures by firms to be offered to employees at par, rather than market value.

Throughout the process of liberalization, there was also increasing concern with the supervision and regulation of the banking system. As an example, in 1987, Korean authorities revised minimum capital adequacy standards, to cope with technological changes in banking.

Tight controls of the inflow and outflow of capital still remain, specially for speculative funds. Securities companies need special permission to operate in Korea, and so need Korean companies to operate abroad.

In general, the Korean liberalization can be characterized as having been a gradual, controlled, and by no means complete liberalization. Government intervention in the banks'credit allocation remains, although the pattern of intervention has changed somewhat. Financial policy is still designed in the context of an active industrial policy, despite the fact that the priority sectors are not the same of the 60's and 70's. Interest rates and capital flows are still somewhat controlled, although some liberalization has occurred. Korean financial policy is a good example of an active economic policy that constantly remodels institutions and laws in order to suit changes in the external and domestic economic environments.

The financial reforms, unlike those made in Latin America, were rather successful. Financial intermediation in the formal sector grew sharply, with the less regulated NBFIs growing more than the more regulated banking sector. The size of the capital market also increased rapidly. The numbers of companies listed and of shares traded increased to such an extent that on the late 80's indirect finance was already less important than direct one in the country, indicating a shift from bank credit to equity financing. The structure of interest rates became more uniform, with a narrowing in interest differentials between curb and formal markets, between NBFIs and the banking sector, and between maximum loan rates and rates charged of the priority sectors. However, the interest rate structure remained closely controlled. The performance of Korea's financial markets was aided by, and contributed to, this country macroeconomic performance, with lower inflation and higher rates of GDP growth than in Latin America. Lower inflation meant that interest rates remained positive throughout the period, despite the persistence of controls. With all that, Korea was successful at replacing the declining amount of foreign finance in the eighties with domestic finance.

The compared experiences of Latin America and Korea call attention to some important issues in financial reform. First of all, it is very difficult to proceed with financial reforms with serious macroeconomic imbalances persisting in the economy, such as high inflation, large budget deficits, and balance of payments problems. Also, the liberalization process must be a gradual, controlled one, with special attention to regulation and supervision and to the possibility of financial collapses. Removal of foreign exchange controls can only be made gradually, as excessive entry of volatile capital can be destabilizing, and may lead to major financial crisis. Last, but not least, a special remark must be made about the role of the state intervention in financial markets. Even in a minimalist model, prudential supervision and lender-of-last-resort are essential activities of the policy-makers. However, the Korean experience suggests that there may be more to the equation than this minimalist role. The Korean government never abandoned completely direct intervention in the credit market, including directed credit flows and interest rate controls. This intervention was not inconsistent with the financial deepening that occurred in the 80's.

The permanence of direct government intervention in financial markets is not exclusively a developing country phenomenon. Even in the United States, 25% of all loans to individuals and firms are made with federal guarantees, or are intermediated by lending agencies of the government. The experience of Japan, however, is a clearer example of direct government intervention in financial markets.

2.5 - Long Term Credit in Japan

In Japan, there is an explicit government program to support long term investment. This program aims at providing stable credit of long term maturity, and at privileged interest rates, to sectors of the economy considered priority sectors. The main institution involved in this program is the Japan Development Bank (JAB). The JDB is an important source of finance to sectors which demand large amounts of finance, and of longer maturation, such as the chemical, electronic, siderurgic and transport sectors. Among the priority areas in the late eighties, were R&D, information related industries, and direct foreign investment in Japan.

The JDB has very favorable conditions for the funding of these credits. The resources come from government loans, with 15 years maturation, and average interest of 6,6% a year. These government loans, in their turn, are vinculated to an annual fiscal program of investment and credit. In 1991, this program had a total of 270 billion dollars to invest in government banks (such as the JDB), and other public investments. 78% of these resources came from the Trust Fund Bureau, that is responsible for the administration of the fiscal program of investment and credit (17% of the funding of the fiscal program came from postal life insurance). This Bureau receives resources from two main sources, the postal savings system, and the social security system. In 1991, 56% of the resources came from postal savings, and 32% from the security system.

This seems a bit complicated. However, we can summarize that by saying that the JDB finances long term investment in priority sectors using funding that comes form postal savings, postal life insurance, and the official social security system. All these sources of finance share the characteristic of being stable, long term sources of finance. The postal savings system is huge. It accounts for 40% of deposits in commercial banks. Besides the capillarity of the postal system, other advantages of postal savings for the individuals are tax breaks provided by the government.

It is clear that the Japanese government acts directly to support long term investment, both directing savings to priority sectors, and guaranteeing that there are sources of long term savings in the economy.

3 - CONCLUSIONS

The experiences of Korea and Japan, and the shortcomings of financial markets in Latin America, specially concerning long term finance, seems to cast doubt on the argument that government intervention in financial markets is always inefficient. There seems to be a gap between the literature concerning the role of the state in financial markets and the actual policy experiences of a large number of countries. Despite the fact that many developing countries engaged in financial reforms that included some liberalization of financial markets, some direct government intervention remained in many of them. This is specially true in South Korea, that must be seen as one of the most successful developing countries. On the other hand, the most radically liberalizing reforms, such as those in Chile and Argentina in the late seventies, were by large not successful.

Despite this, the main part of the theoretical literature continues to talk about the potential benefits of policies such as the decontrol of interest rates, the abandonment of programs that direct credit to priority sectors, and others. In Section 1, we discussed many qualifications to the main argument of the liberalizing literature, that financial liberalization would increase savings, and improve the quality of investment in financially repressed economies. However, it is clear from the literature that the economic mainstream is very critical of intervention of the state in financial markets other than regulating and supervising the system.

Nowhere in the literature is this distance between policy and doctrine captured better than in a statement made by Yung Chul Park, president of the Korea Institute of Finance, following a presentation by Joseph Stiglitz at the World Bank Annual Conference on Development Economics, 1993:

"Many policymakers in Korea, as well as those who have long been uncomfortable with liberal finance doctrine, will be relieved by Prof. Stiglitz support for repressive financial policies. Almost every financial activity in Korea, including access to the banking sector, the determination of interest rates, and the allocation of credit, have been heavily regulated by the government. Financial experts and international organization have argued that unless Korea's financial markets were substantially deregulated and opened to competition, the economy would crumble under the accumulated inefficiencies of the financial sector. Korea's economic performance for at least the past two decades, however, suggests that this argument is suspect, although it is possible that economic growth could have been higher under a more deregulated financial regime."

It would be too tentative to directly relate the recent economic success of Japan, Korea, and other contries to an wise discretionary intervention in financial markets. However, both the theoretical and the empirical evidences are also not enough to give strong support to the most radical arguments favoring extensive financial liberalization. The optimal shape of financial markets, and the degree of government intervention that should exist in them, are still questions without simple answers.

AMSDEN, A.H., EUH, Y.D. South Korea's 1980 financial reform: good bye financial repression (maybe), hello new institutional restraints. **World Development**, Mar. 1993.

BENCIVENGA, V., SMITH, B.D. Deficits, inflation and the banking system in developing countries: the optimal degree of financial repression. **Oxford Economic Papers**, v.44, 1992.

BISAT, A., JOHNSTON, R.B., SUNDARARAJAN, V. Issues in managing and sequencing financial sector reforms. **IMF Working Paper 82**, Oct. 1992.

BNDES. **Considerações sobre o investimento em países selecionados: Japão, Alemanha, Itália e México**. Set. 1992 (Texto para Discussão, 4).

BUFFIE, E.F. Financial repression, the new structuralists and stabilization policy in less developed countries. **Journal of Development Economics** , v.14, 1984

CEDES. **El fortaleciemento del sector financiero en el processo de ajuste: liberalizacion y regulacion**. Buenos Aires: Ed. Roberto Frenkel, 1994.

CORVO, V., MELO, J., JYBOUT, J. What went wrong with the recent reforms in the southerm come. **Economic Development and Cultural Change**, v.34, Apr. 1986.

CHO, Y.L. **The effects of financial liberalization on the development of the financial market and the allocation of credit to corporate sectors: the Korean case**. World Bank Discussion Paper, Mar. 1986.

HEBBEL, K.S., WEBB, S., CORSETTI, G. Household saving in developing countries: first cross-country evidence. **The World Bank Economic Review,** Sept. 1992.

JAPELLI, T., PAGANO, M. **Saving, growth, and liquidity constraints**. London: CEPR, 1992 (Discussion Paper, 662).

KHATKHATE, D. Assessing the impact of interest rates in less developed countries. **World Development**, v.16, n.5, 1988.

KING, R., LEVINE, R. **Financial indicators and growth in a cross-section of countries**. The World Bank, 1992 (Working Paper, 819).

MCKINNON, R.I. **Money and capital in economic development.** Washington, D.C.: Brookings Institution , 1973.

MORISSET, J. Does financial liberalization really improve private investment in developing countries? **Journal of Development Economics**, Feb. 1993.

NUGENt, N.B., NABLI, M.K. Development of financial markets and the size distribution of manufacturing establishments: international comparison. **World Development**, Oct. 1992.

PAGANO, M. Financial markets and growth. An overview. **European Economic Review**, n.37, 1993.

ROUBINI, N., SALA-I-MARTIN, X. Financial repression and economic growth. **Journal of Development Economics,** July 1992.

SHAW, E.S. **Financial deepening in economic development**. New York: Oxford University Press, 1973.

STIGLITZ, J. **The role of the state in financial markets**. Proceedings of the World Bank, Annual Conference on Development Economics, 1993.

STIGLITZ, J., WEISS, A. Credit rationing in markets with imperfect information. **American Economic Review**, June 1981.

UNITED NATIONS. **World Economic and Social Surveys**, 1994.

UNITED STATES. **Salomon Brothers** Colombian banking system. U.S. Emerging Markets Equity Research -- Latin America. June, 1994.

----------. **Mexican banks**. U.S. Emerging Markets Equity Research -- Latin America. Dec. 1993.

WORLD BANK. **World Development Report**. New York: Oxford University Press, 1989.

----------. **World Development Report**. New York: Oxford University Press, 1993.

----------. **World Development Report**. New York: Oxford University Press, 1994.

PUBLICAÇÕES DO IPEA (TEXTOS)

1994/1995

TEXTO PARA DISCUSSÃO - TD

Nº 327 - ***Produtividade, Crescimento Industrial e Exportações de Manufaturados no Brasil: Desempenho e Competitividade***, Regis Bonelli, janeiro 1994, 35p.

Nº 328 - ***Searching for the Determinants of the Level of Social Welfare in Latin America***, Ricardo Barros e José Márcio Camargo, janeiro 1994, 38 p.

Nº 329 - ***A Redistribuição Espacial da População Brasileira Durante a Década de 80***, George Martine, janeiro 1994, 43 p.

Nº 330 - ***Reforma da Previdência Social: uma análise comparativa das propostas***, Luiz Alberto Lino e Marcus José Reis Câmara, fevereiro 1994, 22 p.

Nº 331 - ***Ensino Fundamental: gastos da união e do MEC em 1991 - tendências***, José Amaral Sobrinho, fevereiro 1994, 08 p. (+ anexos).

Nº 332 - ***Custos de Saúde Associados à Poluição do Ar no Brasil***, Ronaldo Serôa da Motta e Ana Paula Fernandes Mendes, fevereiro 1994, 32 p

Nº 333 - ***Esforço Tecnológico das Empresas Brasileiras***, Virene Roxo Matesco, fevereiro 1994, 73 p.

Nº 334 - ***Bloco de Comércio e Competitividade das Exportações Brasileiras***, Marcelo José B. Nonnenberg , abril 1994, 31 p

Nº 335 - ***O Modelo Hiperinflacionário da Demanda por Moeda de Cagan e o Caso do Brasil***, José W. Rossi, abril 1994, 23 p.

Nº 336 - ***O Comportamento Estratégico das Empresas Industriais Brasileiras: Inovadoras versus Não-Inovadoras***, Virene Roxo Matesco, abril 1994, 93 p.

Nº 337 - ***A Reação do Empresariado Argentino Diante da Formação do Mercosul***. Monica Hirst, Gabriel Bezchinsky e Fabian Costellana, maio 1994, 35 p.

Nº 338 - ***A Privatização Tem Jeito***, Armando Castelar Pinheiro, maio 1994, 23 p.

Nº 339 - ***A Reforma e a Modernização do Setor de Transporte Ferroviário de Carga***, Newton de Castro e Philippe Lamy, junho 1994, 61 p.

Nº 340 - ***Um Retrato das Finanças da Educação no Paraná***, Antonio Carlos da R. Xavier e Antonio Emílio S. Marques, junho 1994, 57 p. + anexos.

Nº 341 - ***Energia Elétrica - Setor Emergencial***, Sérgio Alencar Buslik, junho 1994, 41 p.

Nº 342 - ***Fontes de Financiamento da Seguridade Social Brasileira***, Francisco Eduardo Barreto de Oliveira e outros, julho 1994, 79 p.

Nº 343 - ***Um Retrato das Finanças da Educação no Espírito Santo***, Antonio Carlos da R. Xavier e outros, julho 1994, 75 p + anexos

Nº 344 - ***Seguro Depósito***, Joe Akira Yoshino, agosto 1994, 72 p. + anexos..

Nº 345 - ***Mudanças Recentes no Padrão Demográfico Brasileiro e Implicações para a Agenda Social***, George Martine (coord.), José Alberto Magno de Carvalho e Alfonso Rodrigues Arias, julho 1994, 47 p.

Nº 346 - ***Construção de uma Matriz de Contabilidade Social para o Brasil***, André Urani e outros, agosto 1994, 38 p.

Nº 347 - ***Tendências Estocásticas do Produto Efeito de Flutuações da Produtividade e da Taxa de Juros Real***, Elcyon Caiado R. Lima e outros, agosto 1994, 26 p.

Nº 348 - ***Capacitação, Tecnológica, Competitividade e Política Industrial: uma Abordagem Setorial e por Empresas Líderes***, André Furtado (Coord.), setembro 1994, 133 p.

Nº 349 - ***The Demand for Money in High Inflation Processes***, Octávio A. F. Tourinho, setembro 1994, 52 p.

Nº 350 - ***Participação da Mulher na Força de Trabalho e Pobreza no Brasil***, Lauro Ramos e outros, outubro 1994, 19 p.

Nº 351 - ***Is Poverty the Main Cause of Child Work in Urban Brazil?*** Ricardo P. Barros e outros, outubro 1994, 39 p.

Nº 352 - ***Um Modelo Multissetorial de Consistência para a Região Nordeste***, Ajax R. B. Moreira e outros, outubro 1994, 58 p.

Nº 353 - ***A Natureza e o Funcionamento do Mercado de Trabalho Brasileiro desde 1980***, outubro 1994, 33 p.

Nº 354 - ***The Fiscal Impact of Privatization in Latin America***, Armando Castelar Pinheiro e outros, outubro 1994, 41 p.

Nº 355 - ***Padrões Setoriais da Proteção na Economia Brasileira***, Armando Castelar Pinheiro e outros, outubro 1994, 35 p.

Nº 356 - ***Structural Adjustment and Privatization in Brazil***, Armando Castelar Pinheiro, novembro 1994, 34 p.

Nº 357 - ***O Programa de Garantia de Renda Mínima***, Carlos Alberto Ramos, novembro 1994, 31 p.

Nº 358 - ***Novos Parâmetros para a Reorganização da Política Social Brasileira***, Juarez Rubens Brandão Lopes, dezembro 1994, 80 p.

Nº 359 - ***Minimum Wage, Income Distribution, and Poverty in Brazil***, Lauro Ramos e outros, dezembro 1994, 32 p.

Nº 360 - ***Gender, Technology and Environment: The Impacts of Mercosul in Brazilian Wheat Farming***, outubro 1994, 66 p.

Nº 361 - ***Poverty in Brazil in the 80s***, Lauro Ramos, dezembro 1994, 26p.

Nº 362 - ***Descentralização da Educação Básica: Lições da Experiência***, José Amaral Sobrinho, janeiro 1995, 14p.

Nº 363 - ***CAIC: Solução ou Problema?***, José Amaral Sobrinho e Marta Maria de Alencar Parente, janeiro 1995, 23p.

Nº 364 - ***Descentralização: Um Processo a Ser Acompanhado e Avaliado (ou do finja que eu finjo ao faça que nós vemos)***, Ronaldo Coutinho Garcia, janeiro 1995, 17p.

Nº 365 - ***Prioridades e Orientação dos Gastos Públicos em Agricultura no Brasil***, José Garcia Gasques e Carlos M. Villa Verde, janeiro 1995, 21p.

Nº 366 - ***Pobreza, Estrutura Familiar e Trabalho***, Ricardo Paes de Barros e Rosane Silva Pinto de Mendonça, fevereiro 1995, 27p.

Nº 367 - ***Intermodalidade, Intramodalidade e o Transporte de Longa Distância no Brasil***, Newton de Castro, fevereiro 1995, 21p.

Nº 368 - ***Governabilidade e Pobreza O Desafio dos Números***, Sonia Rocha, fevereiro 1995, 29p.

Nº 369 - ***Federalismo e Regionalização dos Recursos Públicos***, Lena Lavinas, Manoel Augusto Magina e Monica Couto e Silva, abril 1995, 20 p.

Nº 370 - ***Economia Política da Saúde: Uma Perspectiva Quantitativa***, Adriane Zaeyen e outros, abril 1995. (em elaboração)

Nº 371 - ***Os Incentivos Fiscais à Indústria da Zona Franca de Manaus: Uma Avaliação (Relatório Final)***, Flávio Tavares Lyra, maio 1995, 176 p.

Nº 372 - ***A Macroeconomia do Desenvolvimento Nordestino: 1960/1964***, Gustavo Maia Gomes e José Raimundo Vergolino, maio 1995, 109 p.

Nº 373 - ***Uma Nota Sobre o Regime de Origem no Mercosul***, Honorio Kume, maio 1995, 20 p.

Nº 374 - ***Interindustry Wage Differentials***, Armando Castelar Pinheiro e Lauro Ramos, maio 1995, 28 p.

Nº 375 - ***A Dinâmica Regional Recente da Economia Brasileira e suas Perspectivas***, Clélio Campolina Diniz, junho 1995, 39 p.

Nº 376 - ***Qualificação Profissional: Uma Proposta de Política Pública***, Carlos Alberto dos Santos Vieira e Edgard Luiz Gutierrez Alves, junho 1995, 25 p.

Nº 377 - ***Os Determinantes da Desigualdade no Brasil***, Ricardo P. de Barros e Rosane Silva P. de Mendonça, julho 1995, 63 p.

Nº 378 - ***Coping with Change in the Economy: New Technologies, Organisational Innovation and Economies of Scale and Scope and Scope in the Brazilian Engineering Industry***, Ruy de Quadros Carvalho, julho 1995, 60 p.

Nº 379 - ***Impactos da Seguridade Social: Alguns Aspectos Conceituais***, Francisco Eduardo B. de Oliveira e Kaizô I. Beltrão, agosto 1995, 17 p.

Nº 380 - ***Ajuste Macroeconômico e Flexibilidade do Mercado de Trabalho no Brasil: 1981/92***, André Urani, setembro 1995, 66 p. (em fase de elaboração)

Nº 381 - ***Uma Avaliação da Qualidade do Emprego no Brasil***, Ricardo Paes de Barros e Rosane Silva Pinto de Mendonça, setembro 1995, 75 p.

Nº 382 - ***A Tributação do Comércio Interestadual: ICMS Atual versus ICMS Partilhado***, Ricardo Varsano, setembro 1995, 14 p.

Nº 383 - ***Legislação de Direitos Compensatórios e sua Aplicação a Produtos Agrícolas no Brasil***, Guida Piani, setembro 1995, 30 p.

Nº 384 - ***Qualidade da Educação Infantil - Desenvolvimento Integral e Integrado***, Pedro Demo, outubro 1995, 45 p.

Nº 385 - ***Política de Concorrência: Tendências Recentes e o Estado da Arte no Brasil***, Lúcia Helena Salgado, outubro 1995, 58 p.

Nº 386 - ***Estratificação de Empresas: Histórico e Proposta de Classificação***, Paulo Tafner, outubro 1995, 57 p.

Nº 387 - ***Projeto Áridas - Nordeste: Uma Estratégia para Geração de Emprego e Renda***, Ricardo R. A. Lima, outubro 1995, 42 p.

Nº 388 - ***Ensino Superior: Uma Agenda para Repensar seu Desenvolvimento***, Raulino Tramontin, outubro 1995, 26 p.

RELATÓRIO INTERNO - RI

Coordenação de Política Macroeconômica - CPM

Nº 01/94 - ***A Inflação Brasileira e o Recente Plano de Estabilização***, José Coelho Matos Filho, janeiro 1994, 3 p.

Coordenação de Difusão Técnica e Informações - CDI

Coordenação de Política Social - CPS

Nº 01/94 - ***Municipalização do Ensino Fundamental no Estado do Pará: parceria estado-município***, Mayra Lumy Tapia, fevereiro 1994, 3 p.

Nº 02/94 - ***Municipalização do Ensino Fundamental no Estado do Tocantins: parceria estado-município***, Noé Pereira Lima, fevereiro 1994, 2 p.

Nº 03/94 - ***Municipalização do Ensino Fundamental no Estado do Acre: parceria estado-município***. Noé Pereira Lima, fevereiro 1994, 3 p

Nº 04/94 - ***Municipalização do Ensino Fundamental no Estado do Amazonas: parceria estado-município***, Noé Pereira Lima, fevereiro 1994, 4 p.

Nº 05/94 - ***Municipalização do Ensino Fundamental no Estado de Rondônia: parceria estado-municipal***. Noé Pereira Lima, fevereiro 1994, 3 p.

Nº 06/94 - ***Municipalização do Ensino Fundamental no Estado do Amapá: parceria estado-município***, Mayra Lumy Tapia, fevereiro 1994, 3 p

Nº 07/94 - ***Municipalização do Ensino Fundamental no Estado do Amapá: parceria estado-município***, Mayra Lumy Tapia, fevereiro 1994, 2 p.

Nº 08/94 - ***Democratizar a Propriedade da Terra: um imperativo da cidadania***, Ronaldo Coutinho Garcia, abril 1994, 2 p.

Nº 09/94 - ***Municipalização do Ensino Fundamental no Estado de Alagoas: parceria estado/município***. Noé Pereira Lima, maio 1994, 2 p

Nº 10/94 - ***Municipalização do Ensino Fundamental no Estado da Bahia: parceria estado/município***, Mayra Lumy Tapia, maio 1994, 4 p.

Nº 11/94 - ***Municipalização do Ensino Fundamental no Estado de Pernambuco: parceria estado/município***, Noé Pereira Lima, maio 1994, 3 p.

Nº 12/94 - ***Municipalização do Ensino Fundamental no Estado de Sergipe: parceria estado/município***, Noé Pereira Lima, maio 1994, 3 p.

Nº 13/94 - ***Municipalização do Ensino Fundamental no Estado da Paraíba: parceria estado-município***, Mayra Lumy Tapia, maio 1994, 4 p.

Nº 14/94 - ***Municipalização do Ensino Fundamental no Estado do Rio Grande do Norte: parceria estado-município***, Noé Pereira Lima, maio 1994, 4 p.

Nº 15/94 - ***O que Devemos Entender por Gestão da Qualidade Total?***, Antonio Carlos da R. Xavier, maio 1994, 2 p.

Nº 16/94 - ***Rompendo Paradigmas: a implantação da Gestão da qualidade total nas escolas municipais de Cuiabá***. Antonio Carlos da R Xavier, maio, 3 p.

Nº 17/94 - ***Municipalização do Ensino Fundamental no Estado do Ceará: parceria estado-município***, Maribel Alves Fierro Sevilla, maio 1994, 3 p.

Nº 18/94 - ***Municipalização do Ensino Fundamental no Estado de São Paulo: parceria estado-município***. José Amaral Sobrinho, maio 1994, 2 p.

Nº 19/94 - ***Municipalização do Ensino Fundamental no Estado do Mato Grosso: parceria estado-município***, Maribel Alves Fierro Sevilla, maio 1994, 4 p.

Nº 20/94 - ***Municipalização do Ensino Fundamental no Estado do Piauí: parceria estado-município***, Maribel Alves Fierro Sevilla, maio 1994, 4 p.

Nº 21/94 - ***Municipalização do Ensino Fundamental no Estado do Mato Grosso do Sul: parceria estado-município***, Maribel Alves Fierro Sevilla, maio 1994, 2 p.

Nº 22/94 - ***Municipalização do Ensino Fundamental no Estado do Maranhão: parceria estado-município***. Maribel Alves Fierro Sevilla, maio 1994, 2 p.

Nº 23/94 - ***Municipalização do Ensino Fundamental no Estado do Rio Grande do Sul: parceria estado-município***, Maribel Alves Fierro Sevilla, maio 1994, 4 p.

Nº 24/94 - ***Municipalização do Ensino Fundamental no Estado de Santa Catarina: parceria estado-município***, Maribel Alves Fierro Sevilla, maio 1994, 5 p.

Nº 25/94 - ***Municipalização do Ensino Fundamental no Estado de Goiás: parceria estado-município***, Maribel Alves Fierro Sevilla, maio 1994, 3 p.

Nº 26/94 - ***Por que não se Consegue Municipalizar o Ensino Básico: recursos financeiros e leis não são suficientes?***, Antonio Emílio Sendim Marques, maio 1994, 4 p.

Nº 27/94 - ***Municipalização do Ensino Fundamental no Estado do Espírito Santo: parceria estado-município***, José Amaral Sobrinho, junho 1994, 3 p.

Nº 28/94 - ***Municipalização do Ensino Fundamental no Estado de Minas Gerais: parceria estado-município***, José Amaral Sobrinho, junho 1994, 3 p.

Nº 29/94 - ***Política Nacional de Segurança Alimentar: Subsídios para a Discussão***, Ronaldo Coutinho Garcia, julho 1994, 3 p.

Nº 30/94 - ***O Plano Decenal de Educação para Todos: Cultura e Contra-Cultura***, José Amaral Sobrinho, agosto 1994, 5 p.

Coordenação de Política Setorial - CPSe

Diretoria Executiva

Diretoria de Pesquisa

Diretoria de Políticas Públicas

Nº 01/93 - ***Qualidade Total na Área de Serviços: como implantar um programa de melhoria contínua no setor público***, Fábio Ferreira Batista, junho 1993, 5 p.

CADERNO DE ECONOMIA - CE

DOCUMENTO DE POLÍTICA - DP

Nº 21 - ***Vendedores de Ilusões***, Francisco E. B. de Oliveira e Kaizô Iwakami Beltrão, janeiro 1994, 7 p.

Nº 22 - ***Programação Convergente e Controle Social das Ações de Governo***, Ronaldo Coutinho Garcia, fevereiro 1994, 11 p. + anexos.

SÉRIE SEMINÁRIOS*

A Série Seminários tem por objetivo divulgar trabalhos apresentados em seminários promovidos pela DIPES/IPEA.

Nº 01/94 - ***Conferência sobre Regulamentação do Mercado de Trabalho no Brasil***, março 1994.

Nº 02/94 - ***As Conseqüências de Melhorias do Status da Mulher e da Queda de Fertilidade sobre o Desenvolvimento Infantil e a Pobreza Familiar***, Tatiana Velazco, abril 1994.

Nº 03/94 - ***O Impacto do Seguro-Desemprego sobre o Mercado de Trabalho: O Caso Brasileiro***, Danielle Carusi Machado, abril 1994.

Nº 04/94 - ***Desemprego: Aspectos Teóricos e o Caso Brasileiro***, Carlos Henrique Leite Corseuil, abril 1994.

Nº 05/94 - ***Porca Miséria II - As Causas da Pobreza no Brasil***, Ricardo Paes de Barros e José Márcio Camargo, maio 1994.

Nº 06/94 - ***Crescimento da Produtividade e Geração de Emprego na Indústria Brasileira***, André Vilela e Edward Amadeo, maio 1994.

Nº 07/94 - ***II Seminário Nacional: Políticas Econômicas, Pobreza e Trabalho***, Lena Lavinas (coord.) e outros, maio 1994.

Nº 08/94 - ***The Evolution of Welfare, Poverty and Inequality in Brazil over the Last Three Decades: 1960-1990***, Ricardo Paes de Barros e Rosane Mendonça, maio 1994.

Nº 09/94 - ***O IDS e o Desenvolvimento Social nas Grandes Regiões e nos Estados Brasileiros***, Maria Cecília Prates Rodrigues, junho 1994.

Nº 10/94 - ***Um Estudo da População de Altos Rendimentos no Brasil nos Anos Recentes***, Paula de Medeiros Albuquerque, junho 1994

Nº 11/94 - ***Instituições Trabalhistas e a Dinâmica do Mercado de Trabalho Brasileiro***, agosto 1994.

Nº 12/94 - ***Wage Indexation and the Effects of Money***, Antônio Fiorencio, agosto 1994.

Nº 13/94 - ***Is Poverty the Main Cause of Child Work in Urban Brazil?*** Ricardo P. de Barros, Rosane Mendonça e Tatiana Velazco, agosto 1994.

Nº 14/94 - ***Qualificação da Mão-de-Obra e Mercado de Trabalho não Regulamentado***, Reynaldo Fernandes, setembro 1994

Nº 15/94 - ***A Pedagogia da Repetência***, Sérgio Costa Ribeiro, setembro 1994.

Nº 16/94 - ***A Programmable Automation and Employment Proxis in Brazilian Industry***,. Ruy Quadros, outubro 1994.

Nº 17/94 - ***Inflation and Economic Policy Reform: Social Implications in Brazil***, Edward Amadeo e Gustavo Gonzaga, outubro 1994

Nº 18/94 - ***Pobreza, Estrutura Familiar e Trabalho***, Ricardo Paes de Barros e outros, outubro 1994

Nº 19/94 - ***Debate sobre Programa de Garantia de Renda Mínima***, organizadores: André Urani e outros, outubro 1994.

Nº 20/94 - ***Debate sobre Política Salarial e Distribuição de Renda***, organizadores: André Urani e outros, outubro 1994.

Nº 21/94 - ***Participação Feminina na PEA no Brasil: Elementos para projeções de níveis e padrões***, Simone Wajnman, novembro 1994

Nº 22/94 - ***Câmaras Setoriais - Notas sobre sua Constituição, Quadro Atual e Perspectivas***, Ivan Gonçalves Ribeiro Guimarães, dezembro 1994.

Nº 01/95 - ***Uma Avaliação da Qualidade do Emprego no Brasil***, Ricardo P. de Barros e Rosane Silva P. de Mendonça, março 1995

Nº 02/95 - ***The Contemporary Transformations of the Japanese Wage Lobor Nexus in Historical Retrospect an Some International Comparisons***, Robert Boyer, abril 1995.

Nº 03/95 - ***Merenda Escolar e Desigualdade: O Caso de São Paulo***, André Cezar Medici, abril 1995.

Nº 04/95 - ***Regulation and Flexibility of the Labor Market in Brazil***, Edward J. Amadeo e José Márcio Camargo, abril 1995

Nº 05/95 -***A Administração Pública como Empregadora: Uma Avaliação da Década de 80***, Danielle Carusi Machado e outros, abril 1995

Nº 06/95 - ***Mercado de Trabalho Não-Regulamentado: Participação Relativa e Diferenciais de Salários***, Reynaldo Fernandes, maio 1995

Nº 07/95 - ***Relatório sobre o desenvolvimento Social na Sociedade Brasileira***, Amélia Cohn, maio 1995.

Nº 08/95 - ***Water Quality and Policy in Brazil: Estimates of Health Costs Associated to Sanitation Services and Simulation of Pollution Taxes Applied in River Basins***, Ronaldo Seroa da Motta, julho 1995.

Nº 09/95 - ***Pigou, Dalton and the Principle of Transfers: an Experimental Investigation***, Yoram Amiel e Frank. A. Cowell, agosto 1995

Nº 10/95 - ***Labor Market Institutions and Labor Market Performance***, Ricardo Paes de Barros e Rosane Mendonça, agosto 1995

Nº 11/95 - ***Estruturas de Negociação Salarial e Desempenho Macroeconômico,*** José Carlos dos Reis Carvalho, setembro 1995.

Nº 12/95 - ***Análise Estrutural do Emprego e dos Rendimentos na Indústria de Transformação de São Paulo,*** Márcia Helena de Lima, setembro 1995.

Nº 13/95 - ***Rigidezes de Práticas de Pagamentos,*** Marcelo Neri, setembro 1995.

Nº 14/95 - ***A Reestruturação Industrial e a Natureza do Trabalho Capitalista,*** Liana Maria da Frota Carleial, setembro 1995.

Nº 15/95 - ***Mudanças na Estrutura Ocupacional na Década de 80,*** Ana Flávia Machado e Mônica Viegas Andrade, outubro 1995.

Nº 16/95 - ***Ambiente Econômico e Resposta Empresarial: O Ajuste da Indústria Brasileira nos Anos 90,*** Paulo Fernando Fleury, novembro 1995.

*Anteriormente chamada de "Seminários sobre estudos sociais e do trabalho".