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Good Credit Ratios, Bad Credit Ratings: The Role of Debt Structure

| Chapter

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Abstract

Many emerging market economies suffer from bad credit ratings, limited access to finance, and large and unstable risk premia. Policymakers usually attribute this result to weak fiscal policies: countries run large deficits and accumulate debt that puts them on the brink of insolvency.

I am indebted to the discussant, Mario Teijeiro, as well as Ugo Panizza, Dani Rodrik, Roberto Rigobón, George Kopits, Andrés Velasco, conference participants and an anonymous referee for useful comments. I have made liberal use of the database developed jointly with Ugo Panizza and Alejandro Riaño. I would like to thank Luisa Palacios and Alejandro Riaño for able research assistance.

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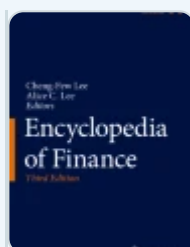
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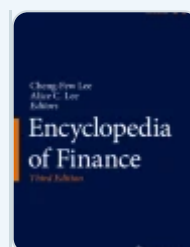
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