

Department of Social Science Colloquium Presents

FINANCING ECONOMIC DEVELOPMENT: THE ROLE OF EXTERNAL DEBT IN EMERGING ECONOMIES

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My research assesses different external financing sources for economic development, highlighting the sustainability of external debt. A lack of external debt, for certain developing countries, may not allow for the development of needed infrastructure. On the other hand, over-dependence on external debt for both public and private debts may lead to a debt crisis. I show that for resource-rich countries that used their resources as collateral and have borrowed large sums, default risk increased, sometimes leading to a debt crisis.



The Petronas Twin Towers in Kuala Lumpur, Malaysia

The obvious implication is that the default probability, and therefore the yield, on sovereign issues will rise, thus increasing borrowing costs. I discuss how external debt might be used as a warning signal in certain situations.

When? Thursday, May 18, 1-2pm

Where? Namm 601A

Light refreshments will be served.

