

---

# The current account and foreign debt

---

John Pitchford



London and New York

---

# Contents

---

List of figures	vi
Preface and acknowledgements	viii
<b>Part I Introduction</b>	
1 External balance	3
2 The evolution of approaches to the current account balance	16
<b>Part II Short run issues</b>	
3 Devaluation and the trade balance	45
4 Macroeconomic theory	58
<b>Part III Longer run issues</b>	
5 Optimal responses of expenditure and debt	89
6 Foreign investment	102
7 Sustainability of private sector foreign indebtedness	121
<b>Part IV Policy</b>	
8 Macroeconomic policy in an open economy	141
9 Sovereign default risk and the social cost of foreign debt <i>George Fane and Craig Applegate</i>	161
10 Overview of policy issues	171
Notes	189
References	198
Index	203