



Forensic Economics:
Hidden Balance of Payments of the Philippines

Edsel L. Beja Jr.
Department of Economics, Ateneo de Manila University

Parallel Session on Monetary Policy (2)
44th Philippine Economic Society Annual Meeting
21-22 November 2006
Bangko Sentral ng Pilipinas Assembly Hall

Disclaimer: The views expressed in this paper are solely those of the author. They do not necessarily reflect the views of the Philippine Economic Society, its Board of Directors, or its Annual Meeting Committee. Neither do they represent the views of the author's institution.

Forensic Economics: Hidden Balance of Payments of the Philippines

Edsel L. Beja, Jr.

Abstract

An examination of the available data between 1990 and 2005 reveals that the balance of payments of the Philippines does not record large amounts of international transactions between the country and the world economy. Total unrecorded international transactions reached US\$ 128 billion (in 1995 constant prices) for the period. The results reveal a problem in macroeconomic management: weak or weakening capacity in the governance of international transactions.

1. Introduction

The balance of payments (BOP) records the official international transactions of a country with the rest of the world for a given period of time. Presumably, the BOP presents all the recorded inflows and recorded outflows of foreign exchange between countries. Research has shown that many transactions remain unrecorded, or in certain cases systematically mis-recorded, in the BOP (see, e.g., Pastor 1990; Boyce and Ndikumana 2001; Beja 2006). For example, capital flight—funds that flee to avoid risks and uncertainties and/or social controls in the domestic economy—is not recorded in the BOP, even though it implies a capital outflow (with important implications on the BOP). In the same fashion, international trade data may be misreported because of systematic trade misinvoicing and smuggling. Put simply, the unrecorded transactions make the BOP (and so BOP analysis) inaccurate. Obviously, this issue has important policy implications, particularly with regards to capital flows management but, more generally, on the macro economy.

This paper estimates the unrecorded—and hence, “hidden”—items in the BOP of the Philippines for the period 1990-2005. Results show that total hidden international transactions of the Philippines amounted to US\$ 128 billion (in 1995 constant prices), or an average of US\$ 8 billion per year. Indeed, by any measure, the figures are quite large amounts; the amount could have been used in the country to finance economic activities in order to generate additional output and create more jobs, or finance poverty reduction programs. The discussion below will elaborate on the findings.

2. Methodology

The paper follows the standard BOP accounting procedures.¹ Briefly, in the BOP, official inflows are recorded as credit items (i.e., additions), while official outflows are recorded as debit items (i.e., subtractions). Also, the BOP accounting procedures follow a double entry approach, which means any inflow must have a corresponding outflow so that all the international transactions for the year will have an overall net balance of zero. If there are unaccounted flows, they will be recorded as errors and omissions (EO).² Note that in the standard BOP format, there are three components, namely: current accounts (CA); capital and financial accounts (KA); and official settlements accounts (or net financing).³ Accordingly, CA, KA and EO comprise the BOP overall balance; that is, $CA + KA + EO = \text{Overall Balance}$. When there is a positive overall balance, it is called BOP surplus; if it is the converse, it is a BOP deficit. In either case, a counterpart adjustment will be needed to obtain an overall net balance of zero and this will be done using the financing transactions of the official settlement accounts (OS). If there is a BOP surplus, there will be a net decrease in BOP financing; that is, a net increase in the OS accounts, covering international foreign reserves, short-term external borrowing, and IMF credits.⁴ Counterpart adjustments will be needed if there is a BOP deficit. The above transactions can be summarized as $CA + KA + EO - \text{Financing} = \text{Overall Balance} - \text{Financing} = 0$.

¹ See IMF (1996) for details on the BOP accounting.

² “In practice [], the accounts frequently do not balance. Data for balance of payments [are] often derived independently from different sources; as a result, there may be a summary of net credits or net debits (i.e., net errors and omissions in the accounts). [...] Because inaccurate or missing estimates may be offsetting, the size of the [errors and omissions] cannot be taken as an indicator of the relative accuracy of the balance of payments []” (IMF 1996; p. 6). Errors and omissions can occur in the process of compilation. If that is the case, the size of errors and omissions will be stable or minimal and will not exhibit any pattern.

³ The current accounts refer to “transactions (other than those in the financial items that involve economic values and occur between resident and nonresident entities. Also covered are of sets to economic values provided or acquired without a quid pro quo. Specifically, major classifications [are:] goods and services, income, and current transfers” (IMF 1996; p. 38). The capital accounts include the following items: “(i) capital transfers and (ii) acquisition or disposal of nonproduced, nonfinancial assets” (IMF 1996; p. 77). Capital account items are different from current transfers. Financial accounts include items like “financial assets [and investments] including the claims of nonresidents [; that is, the foreign liabilities of the economy or] indebtedness to nonresidents (IMF 1996; p. 78). “The convention [is that] ownership of some nonfinancial assets [is] construed as ownership of financial assets” (IMF 1996; p. 78). Note that “the reinvested earnings of a direct investment enterprise (which accrue to a direct investor in proportion to participation in the equity of the enterprise) are recorded in the current accounts [...] as paid to the direct investor as investment income on equity and in the financial accounts as being reinvested in the enterprise” (IMF 1996; p. 78).

⁴ Note that there will be a net increase. Some of the accounts could have a reduction such as when part of the surplus are used to finance (i.e., payments) short term and other debts, while other could have an increase, especially in international reserves accumulation. But the overall balance of OS will be a net increase. Note further that in the OS accounts, the notations are reversed; that is, an inflow will have a minus sign and an outflow will have a positive sign.

The unrecorded transactions in the BOP have to be estimated as well.⁵ For instance, an adjustment is needed in the CA to account for systematic trade misinvoicing, which can be a large amount for the Philippines. Research finds that import overinvoicing and export underinvoicing are the typical avenues for unrecorded trade flows (see, e.g., Bhagwati 1974). But other forms like import underinvoicing (i.e., technical smuggling) and export overinvoicing can also distort the CA (see, e.g., Boyce and Ndikumana 2001; Beja 2006). Import underinvoicing is typically done to evade customs duties and trade regulations, but the transactions are unrecorded inflows. Note that “pure” smuggling in which imported goods are not recorded at all can be estimated by comparing trade data between trade-partners. Export overinvoicing can occur when there are incentives based on the export performance of industries (like rebates on export revenues) that often lead to invoice padding, and as in above, the transactions are unrecorded inflows.

To estimate total trade misinvoicing (MIS), Philippine trade data are compared with data from the trade-partners, following three steps. The first step is to compute export misinvoicing (DX) and import misinvoicing (DM) with industrialized-country-trade-partners, using the equations: $DX = PX - CIF * X$; and $DM = M - CIF * PM$, where PX is the industrialized-country imports (i.e., the Philippines’ exports to the industrialized countries as recorded by the latter) and PM is industrialized-countries exports (i.e., the Philippines’ imports from the industrialized countries as recorded by the latter); X and M represent the Philippines’ exports to and imports from the industrialized-countries-trade-partners (as recorded by the Philippines); and CIF, or the cif/fob factor, is adjustment for freight and insurance.⁶ Positive DX and DM mean export underinvoicing and import overinvoicing, respectively; negative DX and DM mean export overinvoicing and import underinvoicing, respectively. The next step is to calculate the global export and import trade discrepancies (MISX and MISM) of the Philippines by multiplying the reciprocal of the industrialized-country-trade-partners’ shares to the country’s total exports (X_INDUS) and imports (M_INDUS): $MISX = DX / X_INDUS$ and $MISM = DM / M_INDUS$, respectively. The last step is to obtain the sum of MISX and MISM.

Another adjustment in the CA is for unrecorded income remittances (UNREMIT). For the Philippines, overseas workers’ income remittances (REMIT) have become a large component of the CA. Yet informal remittances remain large as well and substantial amount of inflows remain unrecorded. An estimate of UNREMIT can be obtained by extrapolating the figure using REMIT and an index for the unrecorded flows (UNREMIT Index); that is, $UNREMIT = REMIT * UNREMIT\ Index$.

In the financial account (FA), one adjustment is for the impact of exchange rate fluctuations on capital flows. Long-term debts (LTDEBT), for instance, are denominated in a mix of hard currencies so exchange rate fluctuations will affect their US\$ valuations, which in turn will have implications on the estimated annual figures for net additions to external debt (CDET). So the beginning-of-year adjusted debt (ATTD) that accounts for the exchange rate fluctuations is as follows:

⁵ See Beja (2005) for details on measuring unrecorded capital and trade flows.

⁶ Trade data between the Philippines and its industrialized-country trading-partners are used in all the calculations. The rationale of this approach is that information from industrialized countries is expected to be more reliable compared to the data from the developing-countries-trading-partners.

$$\begin{aligned}
ATTD_{t-1} = & \sum_{i=EU,UK,FF,DM,Yen,SF} \left[(\alpha_{i,t-1} \cdot LTDEBT_{t-1}) \left(\frac{FX_i}{FX_{i,t-1}} \right) \right] + \sum_{i=US$,MULT,OTHER} (\beta_{i,t-1} \cdot LTDEBT_{t-1}) \\
& + IMF_{t-1} \left(\frac{SDR_t}{SDR_{t-1}} \right) + STDEBT_{t-1}
\end{aligned}$$

where α_i is the proportion of the long term debts in Euros (EU), British pounds (UK), French francs (FF), German marks (DM), Japanese yens (Yen), and Swiss francs (SF); β_i is the proportion of LTDEBT in US\$, multiple and other currencies; FX is the exchange rate between the hard currencies and US\$; IMF means the use of IMF credits; SDR is the exchange rate between Special Drawing Rights and US\$; and STDEBT means short-term debts.⁷ All things the same, an appreciation in any of the hard currencies relative to US\$ will reduce $FX_i/FX_{i,t-1}$ and $ATTD_{t-1}$; hence total outstanding external debt (DEBT) should be lower than the reported in official figures. As such, CDET needs adjustment.

The adjustment factor (ADEBT) for the impact of exchange rate fluctuations on DEBT can be calculated as: $ADEBT = ATTD_{t-1} - DEBT_{t-1}$. As pointed out earlier, an appreciation of a hard currency relative to US\$ will make $ATTD_{t-1}$ less than $DEBT_{t-1}$, so ADEBT is negative. The adjusted annual flow of external debt ($CDET_{ADJ}$) is $CDET_{ADJ} = CDET - ADEBT$. Since $CDET = DEBT - DEBT_{t-1}$, it follows that $CDET_{ADJ} = DEBT - ATTD_{t-1}$. So $CDET_{ADJ} - CDET$ gives an estimate for unrecorded external debt inflows.⁸

Adjustments are also needed for discrepancies in direct foreign investments (FDI) and portfolio equities investments (plus other investment assets) (PORT), which comprise unrecorded non-debt capital inflows. The procedure is the same as described above. So the discrepancies in FDI data between source-country and the Philippines plus the impact of foreign exchange fluctuations on FDI are estimated. Accordingly, $FDI_{ADJ} - FDI$ gives estimates for unrecorded FDI; and $PORT_{ADJ} - PORT$ for unrecorded PORT.⁹

Using $CDET_{ADJ}$, FDI_{ADJ} and $PORT_{ADJ}$, unrecorded financial flows or financial flight (KF) can be calculated using a residual method; that is, the net of the adjusted recorded sources and uses of foreign exchange. Sources of funds are $CDET_{ADJ}$ and net non-debt capital inflows (NKI_{ADJ}). NKI_{ADJ} is the sum of FDI_{ADJ} and $PORT_{ADJ}$. Uses of funds are the current account deficits (CAD) and net additions to international reserves (plus other sanctioned uses of foreign exchange) (CRES). Errors and omissions (EO) will be subtracted from the estimated residual since it is the official estimate of “unrecorded” international transactions. Thus $KF = CDET_{ADJ} + NKI_{ADJ} - CAD - CRES - EO$.

The estimated unrecorded transactions described above are then recorded in the BOP as adjustment entries, and again, following standard BOP accounting procedures. But in order to uncover the overall size of the unrecorded transactions, it will be necessary to assume that the EO, overall balance, and official settlements entries remain

⁷ The currency composition of MULT, OTHER, and STDEBT are not available and their dollar valuations remain unadjusted.

⁸ CDET from DEBT using World Bank data often result in larger estimates than using IMF data. The discrepancy is often argued as an indication that the World Bank data are more complete and accurate than IMF data.

⁹ Adjustments for the FDI and PORT were not calculated due to data limitations.

unadjusted (i.e., they are as reported in the BOP). But more importantly, by so doing, the magnitude of the capital beyond social controls will be revealed.¹⁰ After recording the calculated adjustments (above) and there are still additional adjustments needed to obtain the overall net balance of zero, additional counterpart adjustments will be introduced in the financial accounts.¹¹

3. Results: Unhiding the Hidden

Data to compute for unrecorded transactions were obtained from the Global Development Finance, International Financial Statistics, and Direction of Trade Statistics. The official BOP is presented in table 1, together with the estimated unrecorded (hidden) international transactions. Table 1 shows that in 1990, there was a deficit in the current account (CA) of about US\$ 2.6 billion. The estimated hidden transactions included US\$ 1.5 billion of systematic trade misinvoicing (MIS) and US\$ 732 million of unrecorded remittances (UNREMIT). Accounting for these figures, the adjusted CA in 1990 would still be a deficit but only US\$ 456 million (table 2). In other words, the revised CA would have been lower deficit than the official figures. Also, table 1 shows a surplus in the financial accounts (FA) of US\$ 2 billion in 1990. Unrecorded transactions totaled US\$ 1 billion for financial flight and the counterpart adjustment of US\$ 1.1 billion. Adjusted FA would have been a deficit at US\$ 182 million (table 2). Thus, for 1990 alone, US\$ 4.4 billion was the total unrecorded international transactions, or US\$ 4.8 billion in 1995 prices.

The results for the succeeding years as shown in tables 1 and 2 are interpreted in the same manner as illustrated above. Accordingly, from table 1, there was a CA surplus in 2005 at US\$ 2.3 billion. Hidden transactions included US\$ 2.7 billion for MIS and US\$ 2.7 billion for UNREMIT. Hence the adjusted CA would have been an even bigger surplus at US\$ 8.1 billion (table 2). In other words, the CA in 2005 was understated by about US\$ 5 billion. In the same year, table 1 shows a surplus in FA at US\$ 820 million. Unrecorded transactions totaled US\$ 5.8 billion, covering US\$ 1.8 billion for financial flight and US\$ 3.9 billion as counterpart adjustment. With these adjustments, FA would have been a deficit of US\$ 4.9 billion (table 2). In 2005, total unrecorded international transactions amounted to US\$ 11.6 billion, or US\$ 10.9 billion in 1995 prices.

¹⁰ “Social controls” refer to the actual or potential, including formal and informal, regulations like expectations and norms on the use of foreign exchange, extra-legal exactions on the use of funds, as well as the capacity to direct resources into productive endeavors.

¹¹ As in footnote 9, the above calculations do not cover all types of unrecorded international transactions. Illegal transactions (e.g., money laundering) are not covered in the calculations for the adjustments because imputing the figures is simply impossible. Thus it can be argued that the adjustments introduced in the BOP are minimum adjustments. But the fact that the standard BOP accounting procedure requires double entry procedure implies that all unrecorded international inflows have corresponding unrecorded international outflows so that the overall net balance of the BOP is still zero.

4. Implications for Theory and Policy

Tables 1 and 2 (above) reveal that there are large amounts of unreported—thus hidden—international transactions in the Philippine’s BOP. Between 1990 and 2005, the estimated unreported international transactions totaled US\$ 128 billion (in 1995 constant prices). What the figures suggest is that large amounts of resources remain hidden when funds are needed to finance economic growth and development. What the figures further suggest is that these large amounts of resources are beyond social control. What is paradoxical with the results is that the magnitude of the unreported international transactions has been increasing, particularly during the financial liberalization period. Perhaps today, when the economic environment is deregulated and liberalized, there are more avenues available for financial flight, trade misinvoicing, and other hidden transactions—a similar point was raised in World Bank (2006), too. Perhaps because of the weak, or weakening or even, malfunctioning, financial governance that the large unrecorded international transactions have been tolerated or overlooked.

Indeed, the results presented in this paper point to a fundamental problem with regards to the government’s regulatory capacity and management capability over external transactions. More importantly, the results indicate a weak or weakening capacity to direct resources into productive domestic investments to support industrialization and realize robust economic growth. Perhaps, too, the unrecorded international transactions point to other economic issues as well, such as a prevailing domestic investment anemia, together with large underutilized productive capacities, and complicated by the unceasing domestic political uncertainties. In such environment, it can be argued that capital inflows are more likely to be short-term in nature; that is, investments in speculative activities (e.g., the stock market and real estate), which in turn lead to financial bubbles that contribute to an economic crisis, that further undermine domestic investments and sustain the unrecorded transactions.

The policy implication is that there is a need to rethink policy and policy reforms in the Philippines. More specifically, a reconsideration of capital management techniques to regulate capital flows and to strengthen prudential regulations in the domestic economy (including enhanced administrative capacity of the *Bangko Sentral ng Pilipinas*) is needed today. These are very important in order to improve macro economic fundamentals and to create a robust macro performance.¹² The objective for revisiting capital management techniques should not be seen as a return to economic repression; rather, the goal is to regain control over the direction of the economy, as well as to pursue policies appropriate to the country’s context and characteristics for development. Of course, the unsustainable current and fiscal deficits, unstable inflation, uncompetitive foreign exchange, unsound debt management, interest rates that discourage domestic investments, and so on, remain important concerns to the Philippines, and should be addressed; but the mix of fiscal and monetary policies must be such that they stimulate robust economic performance and the and the corresponding adjustments in policies must sustain economic growth so as to expand the opportunities and raise the social welfares of

¹² Bhagwati (1998), Rodrik (1998), Stiglitz (2002), and Epstein, et al. (2003), among others, have argued the re-introduction of capital management techniques, including capital controls, as a way to regain control of the macro economy and direction of development.

Filipinos. At the same time, it is also important that policies and reforms are designed to strengthen the so called macro-organizational (or institutional) fundamentals of the country. Programs that enhance the government's institutional capacity to address new challenges both from internally and externally are crucial and must be complemented with enlarged capacities for effective financial governance and mechanisms for administrative controls in order to promote a type of development that reflects the Philippines' domestic characteristics and contexts. It is by retaining the macroeconomic policy space that the government will be able to create an economic environment that stimulates economic growth, and consequently, raises the country to a higher growth path.

5. Conclusion

An examination of the Philippines' BOP was undertaken to determine the magnitude of unrecorded international transactions. Using available data, the results shows that large amounts of capital flows remain hidden from the country's BOP, amounting to US\$ 128 billion (in 1995 constant prices) for the period 1990-2005. Also, the results reveal that the magnitude of the hidden transactions has been increasing, especially since the 1990s when the financial liberalization was pursued. With the consequent weak or weakened government capacity to regulate the international transactions, more opportunities become available to hide transactions. Of course, economic and political crises can reinforce this trend. Perhaps it is time for the government to reconsider economic policy and policy reforms and revisit capital management techniques to strengthen prudential controls over capital flows and regain control of the macro economy. The challenge for the government is to rethink how to pursue reforms that will reduce the hidden BOP without reverting to economic repression, but still sustaining economic performance, and more importantly, raising the country to a higher growth path.

TABLE 1: Balance of Payments of the Philippines, 1990-2005 (US\$ Millions)

RECORDED ACCOUNTS	1990	1991	1992	1993	1994	1995	1996	1997
Current Accounts	-2,695	-1,034	-1,000	-3,016	-2,950	-1,980	-3,953	-4,351
Capital Accounts	0	0	1	0	0	0	0	0
Financial Accounts	2,057	2,927	3,208	3,267	5,120	5,309	11,277	6,498
Errors and Omissions	593	-138	-520	85	157	-2,094	-2,986	-5,241
Overall Balance	-45	1,755	1,689	336	2,327	1,235	4,338	-3,094
Net Financing	45	-1,755	-1,689	-336	-2,327	-1,235	-4,338	3,094
UNRECORDED TRANSACTIONS								
Current Accounts								
Systematic Trade Misinvoicing	1,507	2,300	821	560	2,507	1,632	858	2,766
Unreported Remittances	732	925	1,268	1,164	1,553	2,412	1,950	2,720
Financial Accounts								
Financial Flight	-1,085	-2,007	-3,740	-2,642	-4,021	-6,703	-10,913	-16,713
Counterpart Entry: Financial Accounts	-1,154	-1,217	1,651	918	-40	2,659	8,105	11,228

Table continued...

RECORDED ACCOUNTS	1998	1999	2000	2001	2002	2003	2004	2005
Current Accounts	1,546	7,219	6,258	1,323	4,383	1,396	2,080	2,354
Capital Accounts	0	-8	38	-12	-19	23	-23	40
Financial Accounts	483	-2,250	-4,042	-745	-2,399	-1,716	-2,977	820
Errors and Omissions	-750	-1,311	-2,630	-270	-2,076	218	-667	-807
Overall Balance	1,279	3,650	-376	296	-111	-79	-1,587	2,407
Net Financing	-1,279	-3,650	376	-296	111	79	1,587	-2,407
UNRECORDED TRANSACTIONS								
Current Accounts								
Systematic Trade Misinvoicing	-540	1,412	4,752	2,847	2,418	2,632	3,159	2,736
Unreported Remittances	2,052	2,108	2,118	2,702	2,582	2,728	3,078	3,073
Financial Accounts								
Financial Flight	-3,624	-6,683	-7,706	-2,637	-6,050	-2,391	-3,332	-1,882
Counterpart Entry: Financial Accounts	2,112	3,163	836	-2,912	1,050	-2,969	-2,905	-3,928

Sources of raw data: International Financial Statistics; Direction of Trade Statistics; and World Development Indicators

Note: Calculations of the author.

TABLE 2: Adjusted Balance of Payments of the Philippines, 1990-2005 (US\$ Millions)

ADJUSTED ACCOUNTS	1990	1991	1992	1993	1994	1995	1996	1997
Current Accounts	-456	2,191	1,089	-1,292	1,111	2,064	-1,145	1,134
Capital Accounts	0	0	1	0	0	0	0	0
Financial Accounts	-182	-298	1,119	1,543	1,059	1,265	8,469	1,013
Errors and Omissions	593	-138	-520	85	157	-2,094	-2,986	-5,241
Overall Balance	-45	1,755	1,689	336	2,327	1,235	4,338	-3,094
Net Financing	45	-1,755	-1,689	-336	-2,327	-1,235	-4,338	3,094
UNRECORDED TRANSACTIONS (Table 1)								
Total Unrecorded Flows	4,478	6,449	4,178	3,448	8,121	8,088	5,615	10,971
Total Unrecorded Flows (1995 Prices)	4,806	6,906	4,448	3,618	8,412	8,088	5,487	10,727

Table continued...

ADJUSTED ACCOUNTS	1998	1999	2000	2001	2002	2003	2004	2005
Current Accounts	3,058	10,739	13,128	6,872	9,383	6,756	8,317	8,164
Capital Accounts	0	-8	38	-12	-19	23	-23	40
Financial Accounts	-1,029	-5,770	-10,912	-6,294	-7,399	-7,076	-9,214	-4,990
Errors and Omissions	-750	-1,311	-2,630	-270	-2,076	218	-667	-807
Overall Balance	1,279	3,650	-376	296	-111	-79	-1,587	2,407
Net Financing	-1,279	-3,650	376	-296	111	79	1,587	-2,407
UNRECORDED TRANSACTIONS (Table 1)								
Total Unrecorded Flows	3,024	7,040	13,739	11,098	10,000	10,720	12,474	11,619
Total Unrecorded Flows (1995 Prices)	3,032	7,000	12,915	10,318	9,515	10,080	11,731	10,969

Note: Calculations of the author.

References

- Beja, Edsel Jr. 2005. "Capital Flight: Meanings and Measurements." In *Capital Flight and Capital Controls in Developing Countries*. Gerald Epstein, ed. Northampton, MA: Edward Elgar: 58–84.
- Beja, Edsel Jr. 2006. "Was Capital Fleeing Southeast Asia: Estimates from Indonesia, Malaysia, the Philippines, and Thailand." *Asia Pacific Business Review* **12** (3): 307–329.
- Bhagwati, Jagdish. 1974. *Illegal Transactions in International Trade*. Amsterdam: North-Holland.
- Bhagwati, Jagdish. 1998. "The Capital Myth: The Difference between Trade in Widgets and Dollars." *Foreign Affairs* **77** (3): 7–12.
- Boyce, James K., and Leonce Ndikumana. 2001. "Is Africa a Net Creditor? New Estimates of Capital Flight from Severely Indebted Sub-Saharan African Countries, 1970-98." *Journal of Development Studies* **38** (2): 27–56.
- Epstein, Gerald, Ilene Grabel, and K.S. Jomo. 2003. "Capital Management Techniques in Developing Countries: An Assessment of Experiences in the 1990s and Lessons for the Future." Working Paper No. 56, Political Economy Research Institute.
- International Monetary Fund. 1996. *Balance of Payments Manual, 5th Edition*, Washington, D.C.: International Monetary Fund.
- Pastor, Manuel. 1990. *Capital Flight and the Latin American Debt Crisis*. Washington D.C.: Economic Policy Institute.
- Rodrik, Dani. 1998. "Who Needs Capital-Account Convertibility." Princeton Essays in International Finance No. 207: 55–65.
- Stiglitz, Joseph. 2002. *Globalization and Its Discontents*. New York, NY: W.W. Norton.
- World Bank. 2005. *Economic Growth in the 1990s: Learning from a Decade of Reform*. Washington, D.C.: World Bank.