

Technical Appendix to
DO COLLECTIVE ACTION CLAUSES RAISE
BORROWING COSTS?*

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Appendix: Data Sources and Construction of Variables

Bond Characteristics

The bond data set, obtained from Bondware, covers the period 1991 to 2000 and includes: (a) launch spreads over risk free rates charged for bonds of comparable maturity and issued in the same currency (spreads are measured in basis points, where one basis point is one-hundredth of a percentage point) (b) the amount of the issue (millions of US\$); (c) the maturity in years; (d) whether the borrower was a sovereign, other public sector entity, or private debtor; (e) the governing law under which the bond contract was written; (f) currency of issue; (g) borrower’s industrial sector: manufacturing, financial services, utility or infrastructure, other services, or government (where government, in this case, refers to subsovereign entities and central banks, which could not be classified in the other four industrial sectors); (h) the country and regional identity of the borrower; (i) the nationality of the book runner; (j) the market in which the bond was issued.

Country characteristics

Variable	(currency, billions)	Periodicity	Source	Series
Total external debt (EDT)	US\$	annual	WEO	D
Gross national product (GNP, current prices)	US\$	annual	WEO	NGDPD
Gross domestic product (GDPNC, current prices)	National	annual	WEO	NGDP
Gross domestic product (GDP90, 1990 prices)	National	annual	WEO	NGDP_R
Total debt service (TDS)	US\$	annual	WEO	DS
Exports (XGS)	US\$	annual	WEO	BX
Exports (X)	US\$	monthly	IFS	M#c 70__dzf

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Country characteristics (Continued)

Variable	(currency, billions)	Periodicity	Source	Series
Reserves (RESIMF)	US\$	quarterly	IFS	q#c _11_dzf
Imports (IMP)	US\$	quarterly	IFS	q#c 71_dzf
Domestic bank credit to private sector (CLM_PVT)	National	quarterly	IFS	q#c 32d_zf
Short-term bank debt (BISSHT) ¹	US\$	semi-annual	BIS	
Total bank debt (BISTOT) ²	US\$	semi-annual	BIS	
Credit rating (CRTG)	Scale of 0 (Poor) to 100 (Superior)	semi-annual	Institutional Investor	
Political Risk	Scale of 0 (Poor) to 100 (Superior)	quarterly	International Country Risk Guide	

Constructed Variables:

Debt/GNP	EDT/GNP
Debt service/Exports	TDS/XGS
GDP Growth	0.25 multiplicand $\ln[\text{GDP90}_t/\text{GDP90}_{t-1}]$
Standard deviation of export growth	Standard deviation of monthly growth rates of exports over six months
Reserves/Imports	RESIMF/IMP
Reserves/Short-term debt	RESIMF/BISSHT
Ratio of short-term debt to total debt	BISSHT/BISTOT
Ratio of Domestic Credit to GDP	CLM_PVT/(GDPNC/4)

Sources:

International Monetary Fund: *World Economic Outlook (WEO)* and *International Financial Statistics (IFS)*.

World Bank: *World Debt Tables (WDT)* and *Global Development Finance (GDF)*.

Bank for International Settlements: *The Maturity, Sectoral and Nationality Distribution of International Bank Lending*.

Credit ratings were obtained from *Institutional Investor's Country Credit Ratings*.

Political Risk Index was obtained from the *International Country Risk Guide*.

Missing data for some countries was completed using the US State Department's Annual Country reports on Economic Policy and Trade Practices (which are available on the internet from http://www.state.gov/www/issues/economic/trade_reports/).

'Global' Variables

The website for the US interest rates and industrial production data is: <http://www.federalreserve.gov/releases/>

Swap rates; emerging market spreads; Japanese, German, and UK interest rates were obtained from Bloomberg.

¹ Cross-border bank claims in all currencies and local claims in non-local currencies of maturity up to and including one year.

² Total consolidated cross-border claims in all currencies and local claims in non-local currencies.