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Public Debt and Privatization

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In view of the relevance of the privatization process for the continuity of Brazilian stability and economy growth, it is interesting to analyze some foreign experiences of privatization to best understand the Brazilian process. It is possible to identify common characteristics in the privatization processes used in Latin American countries.

First of all, the main objective for these processes was to reduce the participation of the State in the economy. In addition, the revenues from privatizations in those countries has been used mainly to reduce public debt. Finally, the use of privatization currencies and other debt conversion methods were utilized in some of those countries.

The use of privatization currency is a common procedure among several countries in Latin America. This can be explained by the need of Latin American countries to solve their problems with public debt, as well as help to attain their objectives of stability and economic growth.

Each country presents its own characteristics of indebtedness and its own way of determining eligible debits for the debits conversion. In general, each government has its particular objectives for the privatization process. Thus, this study will identify some similar characteristics among Latin American privatization process. However, it will only analyze the more common objectives and characteristic in the privatization process of Mexico, Chile, Argentina and Brazil.

The Mexican privatization process presents a singular example in the Latin American context. Initially, Mexico's process was characterized by the exclusive use of currency as money supply, later, those revenues were used for debt reduction. This is one of the original characteristics of the Mexican process in relation to other Latin American countries. The payment in currency was advantageous for the Mexican Government, since the government had the freedom to destine the resources where deemed more necessary.

The income revenues accounted in that first phase were used, preferentially, to reduce the domestic debt. Saving a significant amount of interest that the Mexican Government stopped paying, the money was then applied to social programs.

It is important to mention that the payment demand in currency was possible thanks to, basically, two factors: the first was linked to the relative credibility that Mexico enjoyed at the time; and the second, and more important, the fact that the enterprises privatized in the first phase were small- and medium-sized, not representing, consequently an expressive amount of financial resources.

However, from 1988 on, during the second phase of the Mexican privatization, a strategy change was observed, that foresaw the sale of large load enterprises, such as aviation and telecommunications. Based on the necessity to attract foreign investors for those privatizations, the Mexican Government allowed operations of debt conversion. This decision made possible the sale of the enterprises.

The Mexican external debt restructured by the Brady's Plan had already been foreseen by the use of Brady Bonds in the Mexican privatization processes. The Mexican system consisted of the stock exchange operation - "exchange offers" 11/SUP> , by face value, for privatization certificates, that would be used later. The privatization certificates were held by a Clearing House that realized the potential exchange process of those stocks for shares. Using the restructuring bonds in the Mexican external debt to privatization processes, it was possible to reduce part of the external debt. Equally, most of the resources in the Mexican case were used in repurchases domestic public debt.

The Chilean privatization process presents an interesting aspect having been accomplished in three different phases. The first phase of the Chilean privatization, from 1974 to 1981, was characterized by the sale of the stock-control of companies a single investor. The main objective of the process in that phase was to maximize the assets' sales price. In the second phase, after 1981, the capital of the public enterprises was transformed into shares that were negotiated in market. That change resulted in the expansion and modernization of the Chilean capital market.

From 1985 on, during the third phase, were implemented a Chilean exchange offers and government's liabilities which could be used in the purchase of privatized enterprises. That conversion followed, basically, two models established in law. The first did possible the repatriation of Chilean investors' resources that had access to foreign markets. The law allowed the external debt conversion in obligations in Chilean currency that could be used in the privatization processes. The second model consisted of received stocks of the external public debt for acquisition of Chilean enterprises shares or other way of direct investment. The definition of the eligible options for that operation left very open and it included all stocks debt close to the commercial banks, except those short-term. Notably important in the context of the administration of that conversion model, was the demand that each operation went it subjects the to previous authorization by Chilean Central Bank. Thus, the government would be prepared to control exchange rate and monetary base under the eventual pressures.

The debt conversion revenues were used to reduce domestic debt and to finance social projects. One of the interesting characteristics of the Chilean debt conversion program was he use of resources was not limited to the financing of privatizations. The resources could be used in the purchasing of shares, in supporting programs and refinancing domestic public debt.

Under the analyses of those two programs, the Chilean public debt with foreign banks was reduced by 30%. However, when the prices of the stocks of the Chilean external debt in the international market began to rise (discount never seem before) that operation type stopped being attractive for the foreign investor.

The Argentinean privatization process can also be divided in two different phases. In the first phase, during 1982 to 1988, only four enterprises were privatized. The resources obtained in that first privatization phase corresponded, approximately to 0.5% of Argentinean GDP in 1988. In the second phase, beginning from 1988 continuing to 1993, practically all the Argentinean public enterprises were privatized.

As established by the law of Argentinean Reform of the Public Sector in 1989, operations of debt conversion became to be accept in the second phase of the Argentinean privatization. That instrument was extremely important in the Argentinean case, considering how many enterprises were privatized in a short period of time. The operations of debt conversion were intermediated by a Clearing House that exchanged external debt bonds or domestic debt bills for certificates that were used in the purchase privatized enterprises.

The debt conversion operation allowed the Argentinean government to rescue, approximately, US\$13 billion until 1993, when most of the program was already virtually ended. In the Argentinan case, the external debt redemption corresponded to a larger parcel of the canceled debt.

1.2. COMPARING WITH BRAZIL

In the Brazilian case, the resources receipts from Programa Nacional de Desestatização - PND (National Privatization Program), are being used, basically in the domestic debt. Considering an advantageous discount used in the secondary stocks market, the domestic debt (which can be used as privatization currency) has been an important component in the privatization program up to now.

As the domestic public debt increase is more intensive than the external public debt, the Brazilian government's politics gave priority to the use of domestic stock as privatization currency way. However, the other aspect that external stocks have not been used extensively in the privatization program can be explained throughout theory that most of the Bradies Bonds got discount, thus becoming less attractive for the investor then domestic bills.

Another factor that contributes to stock external debt there not being discrimination among the privatization currencies to be accepted; that is to say, for occasion of the auctions, just settles down the percentile to be accepted in privatization currencies, without quantifying limits for the application of each currency type. Thus, all the currency can be used in the privatization, the decision rests with the investor as to how to use the currency more advantageous. By as the discount practiced in the market of internal privatization currencies became more attractive, investors used them preferentially.

Summing up, the use of debt conversion has been an important instrument in the Latin American experience with privatizations programs. Each of the program were established to get the objectives necessary to conduction its public politics, reducing domestic debt or external debt when it goes more convenient, or to use that revenue to increase the investment through of new projects. Besides, each country had to make adaptations to its own privatization program having in view the best strategy to attain its objectives.

THE BRAZILIAN PUBLIC DEBT

Public sector debt in Brazil consists of the internal and external debt of the Federal Government, state and local governments as well as public sector enterprises. Pursuant to the Constitution, the Brazilian Senate is vested with powers to establish, at the request of the President, (i) global limits for the consolidated debt of the Federal Government, states, and municipalities; (ii) the terms and conditions of the internal and external financial transactions of the Government, including public sector enterprises, at all levels of government, and (iii) the terms and conditions for guarantees of the Federal Government of any internal or external financial transaction. Furthermore, any external financial transaction entered into at any level of government must be authorized by the Senate.

EXTERNAL DEBT

After the negotiation with IMF and Paris Club, in January 1992, which corresponds to the initial phase of the restructuring of the Brazilian external debt, Brazil completely closed restructuring through the Financing Plan² on July 9, 1992.

Brazil's Financing Plan was a "Brady Plan" - type restructuring, the term coined for debt restructuring based on the policy articulated by Nicholas Brady in a speech before the Third World Debt Conference in March 1989. The Brady Plan advocated restructuring which would, among other things: exchange debt for freely transferable bonds; result in significant reductions in the level of debt and the rate of interest payable thereon and; collateralize some types of new bonds with the pledge of U.S. Treasury zero-coupon obligations.

The Brazilian external debt was distributed in nine different types of bonds. In a preliminary phase, two bonds were issued, as the agreement of 1992 (called pre-Bradies)³. Another seven bonds negotiated in the agreement of the PBF/92 (the Bradies Bonds), besides to promoting tranquility for the Brazilian government, reducing debt cost and they also re-introduced the country to the international stock market, apart from which it had been absent for fifteen years absentee.

The characteristics of the external debt restructured in a 30 year-old cash flow, started to have better defined rules giving larger tranquility to the government to promote long-run planning.

On September 12, 1996 the Brazilian Senate passed Resolution No. 69 which authorized the Republic to repurchase or exchange existing external indebtedness of the Republic in the secondary market. This was allowed for two purposes: either for cash or for new securities issued by Republic, provided that such repurchase or exchange of indebtedness permits the Republic to reduce its outstanding external indebtedness, reduce its debt service, lengthen the term of the indebtedness or otherwise improve the external debt profile of the Republic.

As it previously mentioned, the absence of Brazil in the international capital market for 15 years, hindered the country to create new issues before a modern and much more aggressive market, with rules that demanded a more not only austere competition but also investors.

The risk analyses conducted by the rating agencies such as Duff & Phelps/MCM, Moody's Investors Service, Standard & Poor's Corporation and others, assume a more decisive role in the new investors' behavior, who tend to avoid high yields with great risk default. The hedges operations have been increasing for reasons that the international financial crises have been responsible for great losses of money.

Thus, the return of the Brazilian Republic to the international stock market made it clear for international investors that the New Brazil wants to set a "good Benchmark" in all of the capital markets.

The Global bond with maturation in 2027 represents Brady Bond part exchanged by one only paper in the global market. The advantage that change is the collateral liberation was hold to Brady and a better performance of Brazil in the international stock market building a new benchmark.

DOMESTIC DEBT

The securities debt in the market is composed of the National Treasury Bill (LTN - 52,9%) and the National Treasury Note (NTN - 47,1%).

Continuing with the gradual lengthening politics profile of the Federal Securities Domestic Public Debt (DPMF), the National Treasury released the first public offer of NTN, special series D (NTN-D) with a maturity of 60 months. This was the longest period of a domestic public stock in Brazil from the implementation in the capital market. In addition, LTNs stocks were emitted with a maturity of two years with the maximum length of release of LTN being just one month.

Increasing maturity of public stocks should make use of benchmark for loans operations in the financial market for the public with longer periods, common in a stabilized economy.

THE BRAZILIAN PRIVATIZATION PROGRAM

3.1. BACKGROUND

The Government, directly or through various state-owned enterprises, owns many companies and controls a major portion of activities in the mining and oil and gas sectors. Energy production, rail transport, postal services and telecommunications are all directly or indirectly controlled by the Government.

The public sector grew very quickly during the 1970s and continues to play a significant role in Brazil's economy. However, the Government and certain State governments have taken steps to reduce their direct and indirect control of state-owned enterprises and to permit privately owned entities to compete with such enterprises.

The burgeoning growth of the Brazilian public debt, was mainly recorded during 60s and 70s, under the rule of the military government that contracted loans, mostly from the international market, for investing in public corporations according to the fashionable economic model followed at the time.

In 80s the Brazilian privatization process had begun, during the military government's administration, with the creation of the Special Privatization Committee. However, Brazil assumed a more serious posture before a modern economy through the Constitution Reform in 1988, that established sale rights of State for exploring activities related with national safety or important public interest. Thus, the State is only the normative agent and activities economic regulator, responsible for the fiscalization function, incentive and planning.

Currently, privatization is a focus of the economic strategy of developed and developing countries all over the world, independent of the political trend of their governments. When we examine other examples in the world, we note that the process is dynamic and must have the support of all segments in society, preferably facilitating the sale of profitable companies which arouse the interest of the market. Brazil has never undertaken a privatization movement of such proportions, and this lack of experience, in fact, hinders the implementation of the program.

In the case of the Brazilian privatization the process was basically divided in four phases: (i) 1981 - it featured the re-privatization of companies which had been nationalized due to their bankrupt situation. It also included only small companies with modest economic results; (ii) 1990 - as an integral part of the reforms implemented by the Collor government. Its efforts were concentrated on selling state-owned companies in the steel, petrochemical and fertilizer sectors; (iii) 1993 - with new changes in the law, such as expanding the use of securitized loans as a privatization currency, the sale of minority holdings of the central government and eliminating the restrictions to foreign investor participation; (iv) 1994 - with Fernando Henrique Cardoso's

government. It includes public utility concessions to the private sector, in addition to selling companies in the productive sector.

LEGISLATION

The National Privatization Program - PND was set up by means of N.º 8031, dated 04.12.90 and regulated by Decree No. 1204, dated 07.29.94. The Act N.º 8031 has been partly changed in such a way to improve the privatization process.

Among the major changes, it should be mentioned that, creation of the National Privatization Council - CND, a forum of State Ministers the have enchanted the evaluation and decision power by the entity conducting the Program. This change was introduced by MP (Provisional Measure) N.º 841, dated 01.19.95 and its re-editions.

Decree N.º 1068, dated 03.02.94, includes on the PND all minority participation held by foundations, entities, public companies, private and public joint stock companies and any other entities being directly / indirectly controlled by the Federal Union.

The Constitutional Amendments approved by the National Congress in 1995 are also very important for the Program development: opening services to exploit piped gas to the private sector, end of the distinction between Brazilian companies and national capital Brazilian companies, authorization for companies established under the Brazilian laws and with head office and domicile in the Country to perform or prospecting and mining, as well as authorization for the Federal Union to sign contract with private companies aiming at the development or activities in connection with the exploitation of telecommunication services and crude oil. These measures provide for a greater attractiveness as to future privatizations.

The PND scope has expanded under the current government not only does it cover the selling of companies, but also the transfer carriers control to the private sector and the bidding for new concessions regarding the exploitation of public services by the private sector. In this regard, the approval of Act N.º 8987 which defines the new concession and permits for public services, is primarily applicable to the electric power and transportation sectors, the latter of involves with road, rail, and port systems.

In 1995, Act N.º 9074 was also approved, which is applicable to the concessions of public works and services, particularly the electric power services, making their transfer to the private sector feasible. Along the fiscal year of 1996, the legislation along with the National Privatization Program (PND) was amended. Also worth mentioning those introduced in Law 8031/90, allowing the National Privatization Committee (CND), at the request of States and Counties, to establish adjustments with them, so that the procedures of Law 8031/90, may be used in the privatization of their companies, being able, furthermore, to determine that procedure foreseen in the specific law of the sector in which the company operates are adopted in the privatization processes.

The Constitutional Amendment N.º 13/96 abolished the state monopoly in the reinsurance sector, allowing, as a consequence, the participation private enterprises. Also, the Decree N.º 2003/96 regulated the production of electric power by independent producer and by self produces, through concession or authorization.

The Law N.º 9427/96 instituted by the Electric Energy National Agency (ANEEL), linked to the Ministry of Mines and Energy, with the purpose of regulating and inspecting production, transmission, distribution and sale of electric energy, according to policies and guidelines of the federal government.

The Law N.º 9295/96, regulated by Decree 2056/96 was also issued, instituting the Mobile Cellular Service, to be rendered without exclusivity, under concession, in delimited areas of the National Territory. Bill N.º 2648/96, which deals with the new general organization of telecommunication services, the creation of a regulating body, and other institutional aspects in the sector, was submitted to the National Congress.

The Provisional Remedy N.º 1514/96, established mechanisms with the purpose to encourage the reduction of the presence of the State public sector in banking financial activities, and the privatization of financial institutions.

3.2. PROGRAM RESULTS

The Brazilian Government's has been accomplished its goals with Privatization Program result. The Government objectives are: (i) to reduce the role the state in the economy and allocate more resources to social investment, (ii) reduce the public sector debt, (iii) encourage increased competition and thereby raise the standards and efficiency of Brazilian industry, and (iv) strengthen the capital markets and promote wider share ownership.

The Privatization Council (Conselho Nacional de Privatização), a council directly subordinated to the President, along with BNDES, is responsible for administering the privatization program. Through 1996, the privatizations have, for the most part, been effected through share auctions conducted on Brazil's stock exchanges. By the end of 1995, virtually all significant state enterprise in the steel and fertilizer sectors had been privatized, along with most petrochemical enterprises.

In addition to the privatization program, the Government has sought to reduce the regulation of economic activity generally. Important developments in this regard include the establishment of a free foreign exchange market, the reduction of tariffs and elimination of most non-tariff trade barriers and the termination of most price controls.

The Government has also acted to deregulate certain segments of the economy, including fuel and oil derivatives, airlines, shipping and steel, and is considering introducing additional measures designed to increase competition in areas such as steel, highway maintenance and transportation, areas which were previously controlled, in most cases, by Government enterprises.

Also the legal measures establishing the Plano Real provide that Government-held shareholding in public companies not included in the national privatization program be transferred to the custody of an entity called the Public Debt Amortization Fund to the extent such shareholding are not needed to maintain Government monopolies or national control of such companies. Proceeds from the sale of these shares are to be applied directly to the repayment of internal debt of the National Treasury. The sale of such shares and the administration of the Public Debt Amortization Fund are to be implemented by regulatory agency directive, but to date no directives have been issued.

In 1995, the Government initiated planning for privatization of electric utilities and rail transport services. In February 1995, the Lei de Concessões de Serviços Públicos (Public Services Concessions Law) was enacted permitting investment in the electrical sector and other sectors considered public services by private companies or individuals.

In addition, the Government has enacted a law permitting independent, third-party producers of electricity to compete with the State monopolies and regulations to implement this law are being formulated.

3.2.1. TRANSFER OF LIABILITIES TO THE PRIVATE SECTOR

A positive points of the Brazilian Program Privatization is the liability transfer of deficit enterprises for the private section. From 1991 to 1994 most of the privatized enterprises was in terrible financial conditions, mainly for they be sold.

In this initial privatization process phase, most of the enterprises presented a negative equity. Thus, besides the Brazilian government to have gotten to solve a problem of financial cash, avoiding a re-investment in those enterprises, the government got to win credibility close to the investors.

That is easy to verify analyzing the use of privatization currency as payment way to sold enterprises, that in the beginning of the Program it was more than 90%, and starting from 1994, and also nowadays, the government has force and credibility to determine the payment form close to the investors.

A total of 52 enterprises have been transferred to the private sector since the establishment of the National Privatization Program in 1990, as well as state and federal stockholding participation, most of them in the steel, chemical and petrochemical, fertilizer and electrical sectors. As well as the aforementioned, concessions have transferred to the private sector control of six sections of the Federal Railway Network - RFFSA (Rede Ferroviária Federal S.A.); namely the Western, East central, Southeastern, Teresa-Cristina, Southern and Northeastern networks, as well as the leasing of the Tecon-1 Container Terminal, in the port of Santos, from the São Paulo Dock Company - CODESP

3.2.2. USE OF THE PRIVATIZATION CURRENCIES

Considering the important consequences of the privatization currencies mix choice in the National Program of Privatization - PND for the Treasury liability management, it is important to analyze the recent alterations that are occurring in this program

The current scenery that the Brazilian Privatization Program has developed, show important alterations in the composition of the perfect mix to be used as payment of the alienated assets.

In this context, two factors, especially, which have been decisive for the significant modification verified in the recent evolution of the percentage participation of several currencies received as payment, such as: the reduction of the stock of privatization currencies and stressed elevation of the domestic public debt.

Considering the possibility of use of stocks of the external debt and, eventually, the so-called "social currencies" as privatization currency, as well as the imminence of the assets alienation with high value, it is necessary to make an assessment of the possible impact those questions, in particular by the light of the goals of "to contribute to the reduction and improvement of the public debt profile, competing for the tidy up the public sector", as it disposes the Law in the 8.031, of April 12, 1990, regarding PND.

Receiving of long-term stocks debt, to its face value, was an important characteristic of the Brazilian privatization process, especially in its initial phase. In the Collor Plan I, when propitiating extraordinary fiscal revenues and holding great part of the liability of short-term, created favorable conditions so that, in the ambit of PND, if they concentrated efforts on the ransom of the debt of long period, by means of the priority of the privatization currencies for payment of the alienated assets.

At present, the use of privatization currencies has demonstrated to be an efficient mechanism, allowing, on the one hand, the necessary flexibility in the conduction of the privatization process - besides in the case of assets of smaller attractive for the investors - and guaranteeing, on the other hand, guaranteeing the indirect appropriation for the alienating discount with those stocks are negotiated in market through the fixation of superior minimum price to the economic value of the good that will be privatized.

In that context, the received of privatization currencies corresponded, in the first three years of the program, more than 90% of the total of the collected resources in twenty-four privatization program accomplished in the period, as it can be observed below in the graph.

However, starting from 1994 we can observe a substantial increase of the currency use as money supply in the twenty-six processes of Privatization accomplished up to 1994.

Also in 1994, of the total resources collected for PND, 28% were just of privatization. In 1995, that percentage one reached the pick of 67,3%, closing in 25,7%. With base in those data, it is observed that there was an alteration of the percentage composition of the currencies used in the PND starting from 1994.

Among other reasons, that alteration in the composition is explained by the significant reduction of the stock privatization currencies, what contributed to stress drop in the discount practiced for those stocks, being less attractive for the investor.

The credibility and the power of the government's negotiation before the investors were very weak. To this day, the enterprises that were sold in that period they have serious juridical problems. Besides, the first phase of the Brazilian privatization process was labeled of industrial phase - Metallurgical, Petro-chemical, Fertilizers and Minerals Sectors. - that was not so attractive for the investors as it happened with the second phase, labeled of Utilities Enterprises phase.

Second, the period from 1996 to 1997 was marked by a stable and matured social-political scenery, nevertheless, it went the sales phase of Public Services Concessions - Utilities (Concessões de Serviços Públicos) - and it was also marked by the foreign investor's entrance. In this way, as the Government had better negotiation power on those enterprises and the political moment was more favorable, he made option for the payment in currency.

4. THE USE OF THE RECEIPTS FROM PRIVATIZATION SALES TO REDUCE THE BRAZILIAN PUBLIC DEBT

This chapter will focus on the obtained allocation and application privatization results in the National Treasury's coffers. Furthermore, it will focus on budgetary records in order to achieve a better understanding of the Brazilian public debt amortization with the entrance of the PND financial resources.

The receipts from PND are accounting⁶ in the National Treasury following the same methodology of the financial registrations accounted by the Federal Administration, in other words, the receipts obey the classification of Budgetary Codes Tables - (Funcional Programática).

As already previously mentioned, the procedure counting the resources in the Brazilian National Treasury is made for a little electronic, and it follows the classification for each type of specific destination of the use of the money, labeled for "sources of resources", such as:

Revenues of the National Treasure, without specific destination, they are not linked to any organ or programming and nor submitted to transfer for States and the Local districts. They constitute available resources for free programming.

Entered financial resources through stock of National Treasury responsibilities, by competitive auctions accomplished with the Central Bank of Brazil, such as: the National Treasury Bill (LTN), National Treasury Notes (NTN), National Treasury Financial Bill (LFT) and "Brazilian Investment Bonds" (BIB).

Return from domestic debt refinancing of States, Federal District and Local, also of its autarchies, public foundations and companies which holds, direct or indirectly, the stock control. Those resources are destined exclusively to the payment of amortization, interests and debt responsibilities assumed by the Brazilian Republic under the Law no. 8,388 of December 30, 1991.

Money receipts from enterprise sales under privatization process. Besides stock control of companies that will be, direct or indirectly, property of the Republic.

Financial resources linked to the National Fund of Privatization - FND, constituted in its totality of the shares emitted by those companies, and whose alienation come to be approved.

Money receipts in currency by the holding and for BNDES, by virtue of alienation of its subsidiaries included in PND. The reception of those financial resources is through issue of NTN-P.

The use of the currency was really important at the beginning of PND, where the Government had companies that the liability was negative. Then, to sell this kind of company it was necessary to accept any kind of money supply, even external debt long-run restructures. But, now a days the Government acquired a new profile, besides the companies (among 1996-1997) that participated of the program in the last of the years they were companies with important assets.

In 1993 the resources received in currency by PND amounted to US\$ 154,16 million. On that year those resources were used to reduce the public debt and a small part in projects of science and technology, health and national defense.

A problem identified in the Brazilian privatization process has been the delay in the reception of the resources in currency after the financial liquidation. The resources are deposited in the Central Bank (indexed, until the effective exchange) for the rate extra-market, equal at 95% SELIC rate (BACEN referential rates) and the administrator that sold enterprise cannot use that money.

Besides, the stock revenues used in the moment for NTN-P are Referential Rate - TR plus 6% of interests per year. That is very inferior to the practiced in the market, in this way, the Government has a loss.

Summing up, the improvement of the reception process and resources application of PND goes by two main points: the operation type used in the receptions, that a lot of times make unfeasible an application more adapted under economic and administrative efficiency point of view, and the use of several financial sources, which they are destined to several objectives, impeding a better resources control.

A good suggestion for the government's administrators is (i) the use of specific financial sources for financial resources allocation receipts from PND; (ii) and to create simpler and effective procedures to control the reception and the resources application from PND, choosing an only responsible Section to management it. Under PND view up to now, it is advisable that the Brazilian Government continues using the received resources of PND to reduce the public debt, especially the domestic public debt, whose rollover represents high cost of financial investment.

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