The Economics of Sovereign Debt and Default

December 17–18, 2012
Banque de France, Paris, France

Monday, December 17
8:45 Registration and coffee
9:10 Opening address by Marc-Olivier Strauss-Kahn (Banque de France)

Session I:
Chair: Pierre-Olivier Gourinchas (UC Berkeley and Sciences Po and CEPR)
9:20 Country solidarity, private sector involvement and the contagion of sovereign crises
Jean Tirole (Toulouse School of Economics and CEPR)
Discussant: Thomas Philippon (NYU Stern and CEPR)
10:10 Optimal sovereign debt default
Klaus Adam* (Univ. of Mannheim and CEPR) and Michael Grill (Deutsche Bundesbank)
Discussant: Edouard Challe (Ecole Polytechnique)

11:00 Coffee break

Session II:
Chair: Jean-Stéphane Mésonnier (Banque de France)
11:20 Banks, public bonds, and default risk: an empirical assessment
Nicola Gennaioli* (Bocconi University and IGIER and CEPR), Alberto Martin (Univ. Pompeu Fabra, CREI and CEPR) and Stefano Rossi (Imperial College Business School)
Discussant: Hélène Rey (London Business School and CEPR)
12:10 Macro factors and sovereign bond spreads: a quadratic no-arbitrage model
Peter Hördahl* (BIS) and Oreste Tristani (ECB)
Discussant: Jean-Paul Renne (Banque de France)
13:00 Buffet Lunch

Session III:

14:30 Policy Panel: Sovereign debt crises: what challenges for central Banks?

Chair: Anne Le Lorier (Banque de France)

Speakers: Willem Buiter (CITI and CEPR)
           Benoit Coeuré (ECB)
           Paul de Grauwe (London School of Economics)
           Athanasios Orphanides (MIT and CEPR)
           Jean Tirole (Toulouse School of Economics and CEPR)

16:30 Coffee break

Session IV:

Chair: Philippe Martin (Sciences Po and CEPR)

16:50 Fiscal challenges to monetary dominance
Olivier Jeanne* (John Hopkins Univ. and CEPR) and Hou Wang (John Hopkins Univ.)
Discussant: Dirk Niepelt (Study Center Gerzensee and CEPR)

17:40 The misery of the printing press: debt crises, confidence and monetary sovereignty
Giancarlo Corsetti* (Univ. of Cambridge and CEPR) and Luca Dedola (ECB and CEPR)
Discussant: Ramon Marimon (Univ. Pompeu Fabra and CEPR)

18:30 End of Day 1
Tuesday, December 18
9:00 coffee

Session V:
Chair: Richard Portes (London Business School and CEPR)

9:30 **Valuing the stock of external sovereign debt**
Daniel A. Dias* (Univ. of Illinois at Urbana-Champaign), Christine Richmond (IMF) and Mark L. J. Wright (Federal Reserve Bank of Chicago and UCLA)
Discussant: Christoph Trebesch (Univ. of Munich)

10:20 Coffee break

Session VI:
Chair: Richard Portes (London Business School and CEPR)

10:40 **The problem that wasn’t: coordination failures in sovereign debt restructuring**
Ran Bi (IMF), Marcos Chamon (IMF) and Jeromin Zettelmeyer* (EBRD and CEPR)
Discussant: Yannick Kalantzis (Banque de France)

11:30 **Collective action clauses before there were airplanes: lessons from the making of the corporation for foreign bondholders (1827-1877)**
Marc Flandreau (Graduate Institute of International Studies and Development, Geneva and CEPR)
Discussant: François Velde (Banque de France)

12:20 Buffet Lunch

Session VII:
Chair: Xavier Ragot (Paris School of Economics)

14:00 **Sovereign debt and financial risk**
Simon Gilchrist (Boston Univ.), Vivien Yue (Federal Reserve Board) and Egon Zakrajsek* (Federal Reserve Board)
Discussant: Roméo Tedongap (Stockholm School of Economics)

14:50 **Modeling credit contagion via the updating of fragile beliefs**
Luca Benzoni (Federal Reserve Bank of Chicago), Pierre Collin-Dufresne* (Columbia Univ. and EPFL), Robert S. Goldstein (Univ. of Minnesota) and Jean Helwege (Univ. of South Carolina)
Discussant: Bernd Schwaab (ECB)

15:40 Closing remarks
Time allocation

Presentation: 25 minutes  
Discussant: 15 minutes  
Open discussion: 10 minutes

Program committee

Pierre-Olivier Gourinchas (UC Berkeley, Sciences Po and CEPR)  
Philippe Martin (Sciences Po and CEPR)  
Jean-Stéphane Mésonnier (Banque de France)  
Thomas Philippon (NYU Stern and CEPR)  
Xavier Ragot (Paris School of Economics)  
Jean-Paul Renne (Banque de France)  
François Velde (Banque de France)  
Adrien Verdelhan (MIT Sloan School of Management)

Local organization

Michaël Brassart  
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