

PDM NETWORK *Monthly Newsletter*

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Dear Partner, this *Newsletter* contains a list of the **latest uploaded resources** both in the documentation and in the event areas of the PDM Network website (www.publicdebt.net). The PDM Network has its main objective in the joint cooperation among its participants regarding the quantity and quality of information available on the website. So far, it is very appreciated a stronger collaboration in this field, **signaling to the Network Secretariat** any documents, news and events of interest at publicdebt.net.dt@tesoro.it.

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New Documents

Papers

Trustees versus Fiscal Agents and Default Risk in International Sovereign Bonds (2010)

Haseler Sonke (University of Hamburg)

Abstract: Over the last ten years, institutions such as the IMF have launched several initiatives to change market practice with respect to sovereign bond contract drafting in order to ease restructuring after defaults. The first of these, the universal adoption of collective action clauses, was embraced by the market after some hesitation. Another proposal - the more widespread appointment of trustees to represent bondholders in times of crisis, to centralise enforcement action against the debtor and thus to facilitate debt relief - has so far failed to have the desired impact. Amongst other potential reasons for this failure, the argument has been made that to vest enforcement rights in the trustee, as opposed to individual bondholder rights, would be to reduce the deterrence against opportunistic

defaults and thus to exacerbate moral hazard. Using a sample of secondary market bond spreads and information on default status, this paper assesses empirically whether sovereign bonds issued under a trust structure indeed carry a higher default risk. It finds no systematic evidence of either a spread premium or higher actual default rates for bonds with collective enforcement rights.

Collective Action Clauses in Sovereign Bonds (2010)

Haseler Sonke (University of Hamburg)

Abstract: In the debate on strengthening the international financial architecture, which peaked in 2002 after a series of emerging market sovereign debt crises, the universal adoption of collective action clauses (CACs) was the most promising reform proposal. Academics and the official sector had been promoting CACs at least since 1995, yet

market practice did not begin to change until 2003. This delay is often attributed to the opposition of investors and sovereign borrower to CACs. This paper evaluates the publicly stated as well as the suspected private motives of the two sides to block the spread of CACs. It draws on a wide range of existing evidence and adds some new theoretical considerations to show that there is no reason to be skeptical of CACs unless bailouts exist as an alternative crisis resolution mechanism. This conclusion may be of interest purely for the sake of historical accuracy. But more importantly, it may help to better understand any potential future resistance by market participants, e.g. in the process of introducing CACs in bonds governed by German law.

The Global Financial Crisis and its Impact on Emerging Market Economies in Europe and the CIS: Evidence from mid-2010 (2010)

Dabrowsky Marek CASE (Center for Social and Economic Research)

Abstract: Emerging market economies were major beneficiaries of the economic boom before 2007. More recently, they have become victims of the global financial crisis. Their future development depends, to a large extent, on global economic prospects. Today the global economy and the European economy are much more integrated and interdependent than they were ten or twenty years ago. Every country must recognize its limited economic sovereignty and must be prepared to deal with the consequences of global macroeconomic fluctuations. The statistical data for 2009 provides a mixed picture with respect to the impact of the crisis on various groups of countries and individual economies. On average, Central and Eastern Europe experienced a smaller output decline than the Euro area and the entire EU while the CIS, especially its European part, contracted more dramatically. However, there was a deep differentiation within each country group. Looking globally, richer countries, which are more open to trade and in which the banking sector plays a larger role and which rely more on external financing, suffered more than less sophisticated economies, which are less dependent on trade and credit (especially from external sources). With some exceptions, the previous good growth performance helped rather than handicapped countries in the CEE and CIS regions in the crisis year of 2009. The post-crisis recovery has been rather modest and incomplete. It remains vulnerable to new shocks (like the Greek Fiscal crisis), the danger of sovereign default and other uncertainties. Full post-crisis recovery and increasing potential growth will require far going economic and institutional reforms on both national, regional (e.g., EU) and global levels.

The Impact of Fiscal Governance on Bond Markets: Evidence from Late Budgets and State Government Borrowing Costs (2010)

Lau Andersen Asger, Dreyer Lassen David, Westh Nielsen Lasse Holbøll (University of Copenhagen)

Abstract: Does fiscal governance affect government borrowing costs? We operationalize fiscal governance as the ability of governments to pass a budget on time and, using a unique data set on budget enactment dates, analyze the effect of such late budgets on government bond yield spreads. Based on a sample of 36 US states in the period 1988-1997, we estimate that a budget delay of 30 days has a long run impact on the yield spread between 2 and 10 basis points. States with sufficient liquidity in the form of large reserves face small or no costs from late budgets.

The Sustainability of Public Finances and Fiscal Policy Coordination in the EMU (2010)

von Hagen Juergen (CEPR)

Abstract: The financial crisis of 2007-2009 led to a renewed increase in government deficits and debts in many EU countries, causing a full-fledged fiscal crisis in Greece and severe fiscal pressures in other euro-area countries. This has prompted a series of proposals for improving the fiscal framework of the European Monetary Union, the Excessive Deficit Procedure and the Stability and Growth Pact. The first part of this paper reviews the main properties and developments of that framework until 2007. On that basis, it discusses the recent proposals for reform, which range from marginal improvements of the existing framework to the introduction of an explicit framework for managing fiscal crises in the member states, and the expansion of the scope of policy coordination to address macro economic imbalances and the competitiveness of the member states. We find the proposal of a mechanism for dealing with government default most useful. Attempts to suppress current account imbalances and to target national competitiveness positions would most likely result in serious economic losses and do damage to the internal market of the EU. This would increase the wedge between members and non-members of the euro area.

The effect of sub-national borrowing control on fiscal sustainability: How to regulate? (2010)

Vulovic Violeta (Georgia State University)

Abstract: This article examines effectiveness of sub-national borrowing control regimes in maintaining overall fiscal sustainability. The results suggest that regulating sub-national borrowing based on fiscal rules performs most efficiently in maintaining fiscal consolidation. Furthermore, sole reliance on financial markets seems to lead to faster end of fiscal consolidation episodes, which may be explained by not fully developed financial markets in many countries that dominantly apply this approach. Finally, strong central government control, as in case of administrative and cooperative regimes, in presence of high fiscal dependence on

central government financing seem to increase the probability of ending consolidation episodes.

Assessing financial integration: a comparison between Europe and East Asia (2010)

Calvi Rossella (MSc Economics and Social Sciences, Bocconi University)

Abstract: Two parallel analyses are carried out in order to assess the degree of integration of financial markets within Europe, within East Asia, between these two regions, and with the external financial community. The investigation is based on cointegration and Granger causality techniques, to detect the presence of short-run and long-run cross-country relationships in equity and bond markets. The empirical analysis performed for seven European and eleven East Asian financial markets confirms that in Europe financial integration is significantly more advanced than in East Asia. It provides evidence in favour of the fact that the level of integration between bond markets is higher than between equity markets within Europe, whilst the opposite holds true in the East Asian region. An increase in the number of short and long-run relationships in European bond and equity markets is found after the introduction of the Euro in 1999, especially if only EMU countries are considered. In addition, the parallel analysis on East Asia points out that financial integration in Asia is still in its infancy although an increase in the level of integration of equity markets in the last ten years can be recorded. Finally, East Asian bond markets display little evidence of co-movement, despite the recent initiatives launched in order to increase financial integration in the region.

Global Economic Prospects as of September 30, 2010: A Moderating Pace of Global Recovery (2010)

Mussa Michael (Peterson Institute for International Economics)

Abstract: Since the end of the great recession around the middle of 2009, the world economy has, as forecast, staged a quite vigorous, V-shaped recovery. Real GDP growth for 2010 is now expected to exceed slightly even my buoyant forecast of 4.5 percent. This result, however, embodies substantial divergence between the more rapid-than-expected growth of most key emerging-market and developing countries (6.5 percent for 2010) and the somewhat disappointing pace of recovery in most of the advanced economies (2.8 percent for 2010).

An Analysis of Euro Area Sovereign CDS and their Relation with Government Bonds (2010)

Fontana Alessandro (University of Venice), Scheicher Martin (European Central Bank)

Abstract: This paper studies the relative pricing of euro area sovereign CDS and the underlying government bonds. Our June 2010. We first

compare the determinants of CDS spreads and bond spreads and test how the crisis has affected market pricing. Then we analyse the 'basis' between CDS spreads and bond spreads and which factors drive pricing differences between the two markets. Our first main finding is that the recent repricing of sovereign credit risk in the CDS market seems mostly due to common factors. Second, since September 2008, CDS spreads have on average exceeded bond spreads, which may have been due to 'flight to liquidity' effects and limits to arbitrage. Third, since September 2008, market integration for bonds and CDS varies across countries: In half of the sample countries, price discovery takes place in the CDS market and in the other half, price discovery is observed in the bond market.

Central banks: between internationalisation and domestic political control (2010)

James Harold (Bank for International Settlements)

Abstract: The paper examines the exercise, the efficiency, and the legitimacy of the monetary policy-making process. The goal of central bank autonomy in recent times is the outcome of a demand for price stability. The realisation of autonomy is also a consequence of the fragmentation of national decision making, in federal systems but also in regional and international monetary arrangements. Economic and financial crisis changes the political economy, and produces a transition from seeing the central bank as producing a general or universalisable good (price stability) to interpreting monetary policy as fundamentally a tool for redistributive or factional policies. The latter will only work in the framework of national policy.

European sovereign bond spreads: monetary unification, market conditions and financial integration (2010)

Georgoutsos Dimitris A. (Athens University of Economics & Business), Migiakis Petros (Bank of Greece)

Abstract: In this paper we examine the dynamics of European sovereign bond yield spreads focusing on issues related to financial integration and market conditions. The finding of near-unit-root effects highlights the need for careful econometric specification. Thus we formulate sovereign bond yield spreads, for eleven EMU countries against the Bund for the period 1992:1-2009:12, as AR(1) processes, while allowing for regime switching effects, along the lines of a Markovian probabilistic specification. Specifically, by taking into account regime switching effects we examine, rather than assume, that monetary unification affected sovereign bond yield spreads, allowing for states of higher and lower interactions to be revealed. Next, we examine the effects of several exogenous explanatory variables. Our results indicate that European sovereign bonds achieved only partial integration even before the recent financial crisis, while financial integration and financial stability are

found to be interconnected. Specifically, we find evidence of different effects exercised by the same deterministic factors on sovereign bond yield spreads even before the recent crisis. Additionally, it appears that a negative relation exists between low-volatility conditions and the magnitude of effects exercised by idiosyncratic risk factors on bond yield spreads.

Central bank liquidity and market liquidity: the role of collateral provision on the French government debt securities market (2010)

Avouyi-Dovi Sanvi (Banque de France), Idier Julien (Banque de France)

Abstract: The authors the effects of collateral provision as a potential channel between funding liquidity tensions and the scarcity of market liquidity. This channel consists in transferring the credit risk associated with refinancing operations between financial institutions to market participants that bear new liquidity risk on the market associated with collateral. In particular, we address the issue of the liquidity of the French government debt securities market, since these assets are used as collateral both in the open market operations of the ECB and on the interbank market. We use a time-varying transition probability (TVTP) VAR model considering both the monetary policy cycle and the cycle of French treasury auctions. We highlight the existence of a specific regime in which monetary policy neutrality is not verified on the market for French bonds. Moreover, the existence of conventional and unconventional regimes leads to asymmetries in monetary policy implementation.

Creditor discrimination during sovereign debt restructurings (2010)

Erce Aitor (Banco de Espana), Díaz-Cassou Javier (London School of Economics)

Abstract: This paper explores patterns of discrimination between residents and foreign creditors during recent sovereign debt restructurings. We analyze 10 recent episodes distinguishing between neutral cases in which the sovereign treated creditors equitably irrespective of their nationality and instances of discrimination against residents and non-residents. We then present evidence in support of the hypothesis that these patterns of discrimination can be explained by the origin of liquidity pressures, the ex ante soundness of the banking system and the extent of the domestic corporate sector's reliance on international financial markets. On the theoretical side, we present a simple model of a government's strategic decision to differentiate between the servicing of its domestic and its external debt. In our model, the basic trade-off facing the authorities is to default on external debt and in so doing restricting private access to international capital markets or to default on domestic debt, thereby curtailing the banking sector's capacity to lend to domestic firms.

Central banks and competition authorities: institutional comparisons and new concerns (2010)

Vickers John (Bank for International Settlements)

Abstract: The establishment of independent authorities for monetary policy and for competition policy was part of the institutional consensus of the Great Moderation. The paper contrasts how policy has operated in the two spheres, especially as regards the role of law. It then discusses the application of competition policy to banks before and during the crisis, and relationships between competition and financial stability. Finally, the paper considers whether the financial crisis - which has led, at least temporarily, to unorthodox and less independent monetary and competition policies - has undermined the long-term case for independence. The conclusion is that it has not. While regulation of the financial system clearly requires fundamental reform, sound money and markets free from threats to competition remain fundamental to long-run prosperity; those ends are best pursued by focused and independent monetary and competition policies.

The impact of CDS trading on the bond market: evidence from Asia (2010)

Shim Ilhyock (Bank for International Settlements), Zhu Haibin (Bank for International Settlements)

Abstract: This paper investigates the impact of CDS trading on the development of the bond market in Asia. In general, CDS trading has lowered the cost of issuing bonds and enhanced the liquidity in the bond market. The positive impact is stronger for smaller firms, non-financial firms and those firms with higher liquidity in the CDS market. [...]

Are all Credit Default Swap databases equal? (2010)

Mayordomo Sergio (Comisión Nacional del Mercado de Valores); Peña Juan Ignacio (Universidad Carlos III de Madrid); Schwartz Eduardo S. (UCLA).

Abstract: The presence of different prices in different databases for the same securities can impair the comparability of research efforts and seriously damage the management decisions based upon such research. In this study we compare the six major sources of corporate Credit Default Swap prices: GFI, Fenics, Reuters EOD, CMA, Markit and JP Morgan, using the most liquid single name 5-year CDS of the components of the leading market indexes, iTraxx (European firms) and CDX (US firms) for the period from 2004 to 2010. We find systematic differences between the data sets implying that deviations from the common trend among prices in the different databases are not purely random but are explained by idiosyncratic factors as well as liquidity, global risk and other trading factors. The lower is the amount of transaction prices available the higher is the deviation among databases. Our results suggest

that the CMA database quotes lead the price discovery process in comparison with the quotes provided by other databases. Several robustness tests confirm these results.

Government Debt Threshold Contracts (2010)

Gersbach Hans - Director of CER-ETH - Center of Economic Research at ETH Zurich

Abstract: Politicians tend to push the amount of public debt beyond socially desirable levels in order to increase their reelection chances. We develop a model that provides a new explanation for this behavior: office holders undertake debt-financed public projects, but postpone the timing of part of the output to the next term. This makes it difficult to replace them. As a consequence, the office-holders' reelection chances rise -- as does public debt. As a potential remedy for this inefficiency, we allow candidates for public office to offer government debt-threshold contracts. Such a contract contains an upper limit for government debt and the sanction that an office-holder violating this limit cannot stand for reelection. We show that such competitively-offered contracts contain low debt levels that limit debt financing and improve the citizens' welfare. When negative macroeconomic events occur, government debt contracts may be violated, and such shocks are stabilized.

Fiscal Policy and Labor Markets at Times of Public Debt (2010)

Bertola Giuseppe (University of Turin; Italy)

Abstract: This paper explores the empirical relevance of public debt accumulation for labor market institutions and outcomes. In theory, since debt service obligations act as a constraint on policy choices, past debt accumulation and current interest rates should influence reform incentives and labor market performance. Empirically, employment and unemployment rates are strongly associated with debt stock and debt service indicators over five-year periods along 1980-2000 public debt and interest-rate stabilization cycles. Significant and sensible relationships are apparent between debt service, interacted with country-specific policy indicators, and labor market policy changes. While only further data and research may disentangle the force that jointly shape public finance and labor market developments, past evidence suggests that aggregate fiscal policy reactions to the 2008-09 crisis will have persistent labor market implications.

Fiscal stimulus and exit strategies in the EU: a model-based analysis (2010)

Roeger Werner (European Commission); in 't Veld Jan (European Commission)

Abstract: This paper uses a multi-region dynamic general equilibrium model with collateral

constrained households and residential investment to examine the effectiveness of fiscal policy. The presence of credit constrained households makes fiscal policy a more powerful tool for short run stabilisation and reinforces the effects from monetary accommodation at the zero lower bound. There exists an asymmetry between fiscal multipliers of temporary stimulus and multipliers of permanent fiscal consolidation, with the latter being smaller. Fiscal consolidations are likely to have short term negative output effects, but GDP will be higher in the medium and long run. Designing consolidations in such a way as to maximize the long term growth benefits from tax reforms could help to minimise the short term costs.

Sovereign Bond Yield Spreads: A Time-Varying Coefficient Approach (2010)

Bernoth Kerstin (DIW Berlin); Erdogan Burcu (DIW Berlin)

Abstract: We study the determinants of sovereign bond yield spreads across 10 EMU countries between Q1/1999 and Q1/2010. We apply a semiparametric time-varying coefficient model to identify, to what extent an observed change in the yield spread is due to a shift in macroeconomic fundamentals or due to altering risk pricing. We find that at the beginning of EMU, the government debt level and the general investors' risk aversion had a significant impact on interest differentials. In the subsequent years, however, financial markets paid less attention to the fiscal position of a country and the safe haven status of Germany diminished in importance. By the end of 2006, two years before the fall of Lehman Brothers, financial markets began to grant Germany safe haven status again. One year later, when financial turmoil began, the market reaction to fiscal loosening increased considerably. The altering in risk pricing over time period confirms the need of time-varying coefficient models in this context.

A Historical Public Debt Database (2010)

Abbas S. M. Ali (IMF); Belhocine Nazim (IMF); ElGanainy Asmaa A (IMF); Horton Mark A. (IMF)

Abstract: This paper describes the compilation of the first truly comprehensive database on gross government debt-to-GDP ratios, covering nearly the entire IMF membership (174 countries) and spanning an exceptionally long time period. The database was constructed by bringing together a number of other datasets and information from original sources. For the most recent years, the data are linked to the IMF World Economic Outlook (WEO) database to facilitate regular updates. The paper discusses the evolution of debt-to-GDP ratios across country groups for several decades, episodes of debt spikes and reversals, and a pattern of negative correlation between debt and growth.

Business cycles, Monetary Transmission and Shocks to Financial Stability (2010)

Abildgren Kim (Danmarks Nationalbank)

In Denmark official quarterly national accounts are only available for the period since 1977. The paper constructs a set of summary non-seasonally adjusted quarterly national accounts for Denmark for 1948-2010 in current and constant prices as well as a set of other key quarterly macroeconomic indicators covering the Danish economy since 1948. As a first exploratory analysis of these two new data sets the paper reviews some of the stylized empirical evidence on the business cycle, the monetary transmission mechanism and shocks to financial stability that can be uncovered using filtering techniques and reduced-form vector autoregressive (VAR) models. The long-span data sets make it possible to estimate VAR models of a higher dimension than is usually found in the literature due to degrees-of-freedom problems. The results from the VAR analysis indicate a significant and long-lasting negative impact on real GDP following an exogenous shock to the banking sector's write-down ratio.

What Caused the Global Financial Crisis - Evidence on the Drivers of Financial Imbalances 1999 – 2007 (2010)

Nier Erlend (IMF); Merrouche Ouarda (World Bank)

Abstract: This paper investigates empirically the drivers of financial imbalances ahead of the global financial crisis. Three factors may have contributed to the build-up of financial imbalances: (i) rising global imbalances (capital flows), (ii) monetary policy that might have been too loose, (iii) inadequate supervision and regulation. Panel data regressions are performed for OECD countries from 1999 to 2007, so as to shed light on the relative importance of these factors, as well as the extent to which these factors might have interacted in fuelling the build-up. We find that the build-up of financial imbalances was driven by capital inflows and an associated compression of the spread between long and short rates. The effect of capital inflows on the build-up is amplified where the supervisory and regulatory environment was relatively weak. We find that, by contrast, differences in monetary policy cannot account for differences across countries in the build-up of financial imbalances ahead of the crisis.

The effect of openness in a small open monetary union (2010)

Orjasniemi Seppo (Bank of Finland)

Abstract: In this paper we build a dynamic stochastic general equilibrium model of a small open monetary union with optimal monetary and fiscal policy, to study the transmission of country specific shocks and associated exchange rate fluctuations. We show that movements of the

monetary union's exchange rate stabilize the output fluctuations inside the monetary union, reducing the need for fiscal stabilization. We also show that, under the optimal policy, fluctuations in the exchange rate and the union-wide aggregates are affected by the differences in the degree of nominal rigidities among the monetary union member countries.

Sovereign Debt Risk Premia and Fiscal Policy in Sweden (2010)

Bi Huixin (Indiana University); Leeper Eric M. (Indiana University)

Abstract: This paper takes a step toward providing a general equilibrium framework within which to study the nub of the current fiscal debate around the world: what are the tradeoffs between short-run stabilization and long-run sustainability when the perceived riskiness of government debt depends, in part, on the current and expected fiscal environment in place? We calibrate a simple model to Swedish fiscal data in two periods: before and after the financial crisis of the early 1990s. We compute the dynamic fiscal limit, which depends on the peak of the Laffer curve, for the pre-crisis and three alternative post-crisis fiscal policies. The model simulates the macroeconomic consequences of alternative policies in the face of the sequence of bad output shocks that Sweden experienced from 1991-1997.

Sovereign Default Risk in a Monetary Union (2010)

C. Daniel Betty - Department of Economics, University at Albany
Shiamptanis Christos - Economic Research Department, Central Bank of Cyprus

Abstract: A country entering a monetary union gives up the right to determine its own monetary policy, thereby relinquishing monetary instruments to assure fiscal solvency. In this paper, we develop a new theoretical model to address fiscal solvency risk. We show that when debt is subject to an upper bound and policy faces stochastic shocks, a government can find itself in a position for which the expected present value of future surpluses under current policy is less than debt. Agents refuse to lend into such a position, and the sudden stop of capital flows defines a fiscal solvency crisis. We model the dynamics of a fiscal solvency crisis in a monetary union under the assumption that the fiscal authority will respond to the crisis using default to reduce the value of debt. We simulate the model to estimate fiscal solvency risk in the European Monetary Union. We find that countries adhering to the Stability and Growth Pack limits are perfectly safe, while countries like Greece and Italy, whose debt relative to GDP has strayed far above the 60 percent limit, are not.

Do Fiscal Imbalances Deteriorate Sovereign Debt Ratings? (2010)

Afonso Antonio (European Central Bank); Gomes Pedro M. (London School of Economics & Political Science)

Abstract: The authors use sovereign debt rating estimations from Afonso, Gomes and Rother (2009, 2010) for Fitch, Moody's, and Standard & Poor's, to assess to what extent the recent fiscal imbalances are being reflected on the sovereign debt notations. We use macro and fiscal data up to 2009, and macro and fiscal projections, to obtain the expected rating for several OECD countries. The answer to the title question is yes, but in a diverse way for each country. Our average model predictions point to a heterogeneous behaviour of rating agencies across countries.

Is it Greek or Deja Vu All Over Again? Neoliberalism, and Winners and Losers of International Debt Crises (2010)

Mahmud Tayyab (Seattle University School of Law)

Abstract: The global financial meltdown and the Great Recession of 2007-09 have brought into sharp relief the uneven distribution of gain and pain in economic crises. The 2009-10 debt crisis of Greece has resulted in a windfall for financial institutions at the expense of tax-payers, a rollback of welfare systems, and impoverishment of the working classes. This result is in tune with a pattern evidenced by the ubiquitous international debt crises of the last three decades, including the Latin American crisis of the 1980s, and the Asian crisis of 1990s. The recurrent international debt crises of the last three decades and the resulting transfers of wealth from the poor to the rich are the products of the neoliberal restructuring of economies that aims to rollback the gains made by the working classes under the Keynesian welfare compromise, and to establish the hegemony of finance capital. These objectives have been facilitated by an extensive refashioning of the U.S. and international regulatory regimes resulting in financialisation of the global economy and unbridled international mobility of finance capital. Global financial institutions channeled access global liquidity in ways that created unsustainable international debts, followed by recurrent international debt crises. These crises are managed to displace welfare systems with neoliberal restructuring. The end result is transfer of wealth from the poor to the rich, further impoverishment of working classes, and enhanced power of finance capital. A collective moratorium on debt servicing by the Global South is a viable path towards a new global financial order that is sustainable and gives human beings priority over capital.

Systemic Risk Exposures A 10by10by10 (2010)

Duffie Darrell (Graduate School of Business Stanford University)

Abstract: This is a proposal to consider the collection and analysis of stresses among systemic financial institutions. The "10-by-10-by-10" labeling suggests the general approach. A regulator would collect and analyze information concerning the exposures of N significant entities to M defined stress tests. For each stress, an entity would report its gain or loss, in total, and with respect to its contractual positions with each of the K entities for which the exposure, for that scenario, is among the K greatest in magnitude relative to all counterparties. Those counterparties would be identified, stress by stress.

Preventing a National Debt Explosion (2010)

Feldstein Martin S. Feldstein (Harvard University)

Abstract: The projected path of the U.S. national debt is the major challenge facing American economic policy. Without changes in tax and spending rules, the national debt will rise from 62 percent of GDP now to more than 100 percent of GDP by the end of the decade and nearly twice that level within 25 years. This paper discusses three strategies that, taken together, could reverse this trend and reduce the ratio of debt to GDP to less than 50 percent. The first strategy, which focuses on the current decade, would reduce the Administration's proposed spending increases and tax reductions that would otherwise add \$3.8 trillion to the national debt in 2020. The second strategy would augment the tax-financed benefits for Social Security, Medicare and Medicaid with investment based accounts would permit the higher future spending on health care and pensions with a relatively small increase in saving for such accounts. The third strategy focuses on "tax expenditures," the special features of the tax law that reduce revenue in order to achieve effects that might otherwise be done by explicit outlays. Tax expenditures now result in an annual total revenue loss of about \$1 trillion; reducing them could permanently reduce future deficits without increasing marginal tax rates or reducing the rewards for saving, investment, and risk taking. The paper concludes with a discussion of how the high debt to GDP ratio after World War II was reversed and how the last four presidents ended their terms with small primary deficits or primary budget surpluses.

Fiscal Institutions and Public Spending Volatility in Europe (2010)

Albuquerque Bruno (Banco de Portugal)

Abstract: This work provides empirical evidence for a sizeable, statistically significant negative impact of the quality of fiscal institutions on public spending volatility for a panel of 25 EU countries over the 1980-2007 period. The dependent variable is the volatility of discretionary fiscal policy, which does not represent reactions to changes in economic conditions. Our baseline results thus give support to the strengthening of institutions to deal with excessive levels of discretion volatility, as

more checks and balances make it harder for governments to change fiscal policy for reasons unrelated to the current state of the economy. Our results also show that bigger countries and bigger governments have less public spending volatility. In contrast to previous studies, the political factors do not seem to play a role, with the exception of the Herfindahl index, which suggests that high concentration of parliamentary seats in a few parties would increase public spending volatility.

OECD Sovereign Borrowing Outlook N° 3 (2010)

Blommestein Hans (OECD); Vayvada Derya Eylem (Turkish Treasury); Ibarlucea Flores Perla (OECD)

Abstract: The third OECD Sovereign Borrowing Outlook provides revised estimates for 2010 and projections for 2011. Gross borrowing needs of OECD governments are expected to reach almost USD 17,5 trillion in 2010, up from an earlier estimate of almost USD 16 trillion. [...]

Systemic Financial Crises: How to Found Resolution (2010)

Schich Sebastian (OECD); Kim Byoung-Hwan (OECD)

Abstract: “The financial sector needs to provide a fair contribution to the resolution of the recent systemic crisis”, especially where financial institutions have benefitted from government support during the financial crisis. This basic principle was broadly supported by delegates at the CMF discussion on how to raise revenues in order to fund systemic crisis resolution. Views on how to achieve that goal differed, however. Thus, the CMF discussion was illustrative of the broader ongoing debate regarding mechanisms for enhancing financial stability, which has been taking place in international forums, including in particular the FSB and the G20. Several different types of financial-sector taxes or levies have been proposed or implemented, many of which could be interpreted as measures to fund systemic crisis resolution ex post (i.e. after the crisis occurs). The observation that the different measures adopted have been little coordinated across borders is likely to have resulted in additional costs in terms of potential distortions to competition and incentives[...]

Determinants of Emerging Market Sovereign Bond Spreads: Fundamentals vs Financial Stress (2010)

Bellas Dimitri (IMF); G. Papaioannou Michael (IMF);

Petrova Iva (IMF)

Abstract: This paper analyses the determinants of emerging market sovereign bond spreads by examining the short and long-run effects of fundamental (macroeconomic) and temporary (financial market) factors on these spreads. During the current global financial and economic crisis, sovereign bond spreads widened dramatically for both developed and emerging market economies. This deterioration has widely been attributed to rapidly growing public debts and balance sheet risks. Our results indicate that in the long run, fundamentals are significant determinants of emerging market sovereign bond spreads, while in the short run, financial volatility is a more important determinant of spreads than fundamentals indicators[...]

Sovereign Debt Challenges for Banking Systems and Bond Markets (2010)

Wehinger Gert (OECD)

Abstract: Discussions at the October 2010 OECD Financial Roundtable conveyed a rather sombre view regarding the current outlook and risks, heightened by financial sector weaknesses, ongoing deleveraging and sovereign debt. Policy makers should be prepared for downside risks to materialise along the way to recovery. Low interest rates and low returns pose specific challenges for institutional investors. While sovereign risk is currently a major concern, its measurement is rather complex and markets do not always provide proper guidance. Sovereign ratings can serve as a useful point of reference but should be made more forward-looking and less procyclical. Should default or debt restructuring become necessary, strong political backing can minimise its costs. The European Financial Stability Facility (EFSF) was seen as helpful in providing a backstop. Some optimism was expressed as to the current fiscal adjustments underway to bring public finances back onto a sustainable path. Banking sectors remain fragile, especially in Europe, where, however, the transparency provided by recent stress tests has calmed some fears. Reactivating the wholesale markets for bank funding will be essential going forward. Capitalisation of the US banking sector has improved, but pockets of risk remain in exposures to commercial property by regional and small banks. Contingent convertible (bail-in) bonds could become a useful instrument for sharing the costs of crises, but they need to be made attractive for investors.

Reforming the International Monetary and Financial Systems in the Wake of the Global Crisis (2010)

Stiglitz Joseph E. (Columbia University)

Summary: The comprehensive and controversial analysis by a blue-ribbon international commission of the causes and remedies for our world economic crisis, written by a UN committee chaired by the Nobel Prize-winning economist.

The Saudi Arabian Economy (2010)

Ramady Mohamed (King Fahd University of Petroleum and Minerals)

Summary: The Saudi Arabian economy has changed almost beyond recognition since the oil boom days of the 1980s, and the Kingdom itself has changed too economically, socially, and demographically. In the second edition of *The Saudi Arabian Economy*, Mohamed Ramady uses several overlapping themes to establish and develop a framework for studying the fundamental challenges to the Saudi economy.

Public Principles of Public Debt (2010)

Buchanan James M. (Alfred Nobel Memorial Prize in Economic Sciences in 1986)

Summary: *Public Principles of Public Debt* is one of James M. Buchanan's most important and influential books. The radical idea he conceived was that: our reliance on public debt has amassed a sort of orthodoxy that is commonly—and needlessly—assumed by taxpayers, by politicians, and by economists themselves.

Monetary Economics in Globalised Financial Markets (2010)

Belke Ansgar (University of Duisburg-Essen), Polleit Thorsten (Frankfurt School of Finance & Management)

Summary: This book integrates the fundamentals of monetary theory, monetary policy theory and financial market theory, providing an accessible and comprehensive introduction to the many-sided interrelations between these fields of research. It provides the reader with the intellectual groundwork indispensable for understanding the workings and interactions of today's globalised financial markets. The topics addressed in this book include, inter alia, alternative money supply regimes, money demand functions, monetary policy transmission, monetary policy effectiveness and the natural rate of unemployment, monetary political business cycles, and monetary policy strategies. Basic valuation models for stocks, and bonds and asset price linkages across currency areas are covered as well.

Illustrated by carefully chosen examples and supported by extensive data analyses, this book is highly recommended to readers who seek an in-depth and up-to-date integrated overview about the ever-expanding theoretical and quantitative fields of monetary and financial economics.

Rebalancing the Global economy: A Primer for Policymaking (2010)

Claessens Stijn (International Monetary Fund); Evenett Simon (University of St. Gallen); Hoekman Bernard (World Bank)

Summary: Global trade imbalances have surged since the early 1990s. Figure 1 shows an index of global trade imbalances—the sum of the absolute values of real trade balances across countries—and real global trade from 1970-2007.¹ Global imbalances grew by 11% a year on average from 1990 until 2007; in the previous 20 years, average annual growth was only 1%. In contrast, global trade grew at a strong and steady pace of about 6% a year over the whole period. The expansion in global imbalances became a cause for concern in the new millennium, when they rose well above previous levels. The fear was that the immense capital flows associated with these imbalances could rapidly shift, leading to disruptive adjustments in importing countries. More recently, concern that imbalances reflected a global savings glut, resulting in an underpricing of risk, took center stage. This puts global imbalances as an important factor in the severity of the financial crisis (eg. Bernanke 2009 and Obstfeld and Rogoff 2009), and implies that a more stable financial system must involve more balanced capital flows.

Government Debt and Optimal Monetary and Fiscal Policy (2010)

Adam Klaus (Mannheim University)

Summary: How do different levels of government debt affect the optimal conduct of monetary and fiscal policies? And what do these optimal policies imply for the evolution of government debt over time? To provide an answer, this paper studies a standard monetary policy model with nominal rigidities and monopolistic competition and adds to it a fiscal authority that issues nominal non-state contingent debt, levies distortionary labor income taxes and determines the level of public goods provision. Higher government debt levels make it optimal to reduce public spending, so as to dampen the adverse incentive effects of distortionary taxes, but also strongly influence the optimal stabilization response following technology shocks. In particular, higher debt levels give rise to larger risks to the fiscal budget and to tax rates. This makes it optimal to reduce government debt over time. The optimal speed of debt reduction is missed when using first

order approximations to optimal policies, but is shown to be quantitatively significant in a second order approximation, especially when technology movements are largely unpredictable in nature.

A Safer World Financial System: Improving the Resolution of Systemic Institutions (2010)

Claessens Stijn (International Monetary Fund); Herring Richard (Wharton University of Pennsylvania); Schoenmaker Dirk (University Amsterdam)

Summary: Endgames matter in financial regulation. Who is in charge and how losses are allocated strongly affects incentives and behavior long before difficulties arise. Most countries though lack an effective framework for resolving systemically important financial institutions (SIFIs). All too often—as in the recent crisis, the endgame is instead determined by frantic improvisations over a chaotic weekend under crisis conditions. The international expansion of SIFIs makes this a global problem, leading to conflicts among three policy objectives – preservation of national sovereignty, enhancement of international financial integration and preservation of financial stability – a financial trilemma. This Report examines three approaches to the resolution of SIFIs that address the trilemma[...]

The Last Shall Be the First: The East European Financial Crisis (2010)

Åslund Anders (Peterson Institute for International Economics)

Summary: This book deals with the financial crisis in Eastern Europe that erupted in the fall of 2008 and abated in the spring of 2010. It concentrates on the ten new eastern members of the European Union. The causes of the crisis posed no mysteries. This was a typical credit-driven boom-and-bust cycle that led to excessive current account deficits. When global liquidity dried up, the overheated East European economies faced a sudden stop of financial inflows.

Lessons from the Financial Crisis (2010)

Berd Arthur M. (Capital Fund Management - CFM)

Summary: Lessons from the Financial Crisis is an essential and comprehensive resource for market

participants, researchers, regulators, academics and governments worldwide. Containing both academic analysis and practical insights from renowned researchers and leading authorities such as John Hull and Stuart Turnbull, all aspects of the crisis which has defined a generation will be rigorously examined.

Interest Rates, Exchange Rates and World Monetary Policy (2010)

Floyd John E. (University of Toronto)

Summary: A careful basic theoretical and econometric analysis of the factors determining the real exchange rates of Canada, the U.K., Japan, France and Germany with respect to the United States is conducted. The resulting conclusion is that real exchange rates are almost entirely determined by real factors relating to growth and technology such as oil and commodity prices, international allocations of world investment across countries, and underlying terms of trade changes. Unanticipated money supply shocks, calculated in five alternative ways have virtually no effects. A Blanchard-Quah VAR analysis also indicates that the effects of real shocks predominate over monetary shocks by a wide margin. The implications of these facts for the conduct of monetary policy in countries outside the U.S. are then explored leading to the conclusion that all countries, to avoid exchange rate overshooting, have tended to automatically follow the same monetary policy as the United States. The history of world monetary policy is reviewed along with the determination of real exchange rates within the Euro Area.

International banking and financial market developments (2010)

Stefan Avdjiev (BIS); Christian Upper (BIS); Nicholas Vause (BIS); Michael R. King (BIS); Dagfinn Rime (BIS)

In the period from late August to the beginning of December, two themes dominated global financial markets. Through early November, the perceived slow pace of economic recovery in the major advanced economies helped intensify investor expectations that central banks would introduce further accommodative measures. Since early November, concerns about sovereign risk in several euro area economies have resurfaced and become the dominant theme.[...]

Other Web Resources

Composite Leading Indicators (CLIs), OECD, November 2010

[OECD](#)

OECD composite leading indicators (CLIs) for September 2010 point to diverging patterns of economic growth across major economies. The CLIs show signs of continuing expansion in Germany, Japan, the United States and Russia, while pointing to a moderate downturn in Canada, France, India, Italy and the United Kingdom.

Statement by the Eurogroup and ECOFIN Ministers

[Council of the European Union](#)

On 28 November 2010 Ministers unanimously agreed to grant financial assistance in response to the Irish authorities' request on 22 November 2010. Ministers concur with the Commission and the ECB that providing a loan to Ireland is warranted to safeguard financial stability in the euro area and the EU as a whole.

2010 Sovereign Debt Management Forum: Presentations (downloadable)

[World Bank Treasury](#)

This year's Sovereign Debt Management Forum brought together over 180 debt managers and representatives from international financial institutions to review lessons learned from the financial crisis and to evaluate the changing landscape for debt management in emerging markets and low-income countries in the post-crisis environment.

Government Debt Management: A Guidance Note on the Legal Framework

[Commonwealth Secretariat](#)

In response to demand from member countries in recent years, the debt management programme has been expanded to assist countries through policy advice. Such advisory support relates to various aspects of debt management including institutional arrangements on debt management, the formulation and implementation of debt management strategies and debt market development.

Sovereign Debt Management Newsletter No 38 Volume 10, Issue 2 July 2010

[Storkey & Co Limited](#)

In this Newsletter, there are articles covering: The structure of public debt legislation - Two recent World Bank publications on Crisis Preparedness and Debt Management Low income Countries and Public Debt Management in Emerging Market Economies - Publication by the National Treasury of Public Debt: The Brazilian Experience - Sovereign Debt Management Forum to be held in Washington DC from 25 to 27 October 2010.

Dominican Republic: Quarterly Public Debt Report

[Ministerio de Hacienda de la República Dominicana](#)

At the end of the first quarter of 2010, the balance of the total non-financial public sector (NFPS) debt was US\$13,2 billion, a value that represents 27.9% of the GDP estimated for 2010. The NFPS debt is compound of 61.9% external debt -whose balance is of US\$8.1 billion- whereas internal debt corresponds to 38,1%, a total of US\$5.06 billion. The amounts represent 17.3% and 10.6% of GDP, respectively.

Debt Be Not Proud

[Index Universe](#)

We live in a world profoundly addicted to debt-financed consumption. Today, many people, companies and countries borrow to fund current consumption, with no evident intent to repay. As it comes due, our debt is something we intend to replace with new (and often larger) debt.[...]

Why The Task Force Proposals Will Make The European Economies More Crisis Proof

[Council of the European Union](#)

The Task Force delivered a set of recommendations in five areas aiming at: 1) reinforcing fiscal discipline, notably through a stronger Stability and Growth Pact (SGP); 2) broadening economic surveillance to encompass macro imbalances and competitiveness; 3) deepening and broadening policy coordination; 4) a robust framework for crisis management; 5) strengthening institutions for more effective economic governance.

Financial Regionalism: a Review of the Issues

[The Brookings Institution](#)

The paper is organized as follows. The second section reviews the developments in the European crisis, the related policy response, and its implications for the European financial architecture; the third and fourth sections focus on the increasing use of bilateral swap lines in the recent financial crisis, the Chiang Mai Initiative's multilateralization, and the potential for further economic integration in Asia; the fifth section

looks into the issues of consistency between regional and global financial architectures; and finally, the sixth section points to the relevance of the increasing wave of financial regionalism for the United States, despite the fact that it is not playing an active part in the trend.

Resolving Sovereign Debt Crises

Friedrich-Ebert-Stiftung

This study therefore argues to apply principles and procedures of domestic insolvency to sovereigns, in order to reach a fair and sustainable debt workout. It explains the principles of an ad-hoc or an institutionalised framework, and describes the possibilities to obtain political support and technical advice for countries that may find themselves in need of an orderly debt workout process.

The Debt Buyback Programme of the Republic of Portugal

IGCP - Instituto de Gestão do Crédito Público

The debt buyback programme of the Republic of Portugal has been a key component of its financing strategy since January 2001 reflecting IGCP's commitment to promote the liquidity and efficiency of Portugal's government debt market and to carry out a market-oriented funding strategy whilst maintaining refinancing risk at prudent levels. The debt buyback programme is also an essential tool for managing the refinancing risk associated with IGCP's market-oriented financing strategy, which aims at providing the market with issues of a size that meets market liquidity standards.

Economic situation and outlook and monetary policy (Már Guðmundsson)

Bank for International Settlements (BIS)

The Iceland Chamber of Commerce has a long tradition of holding a breakfast meeting shortly after the Central Bank has published its new macroeconomic and inflation forecast early each winter. This year and last year, the publication of that forecast has coincided with the announcement of the Monetary Policy Committee's interest rate decision. The Central Bank welcomes this initiative [...]

Capital Markets Weekly - 3 December 2010

Crown Agents

In this week's issue: US -- all about jobs; UK -- Data does not reflect optimistic OBR outlook; Mr. Trichet announces the maintenance of stimulus measures; Japan MoF capex survey provides upside to Q3 GDP; FX: A game of two halves with the Euro seeing some support; Conflicting factors batter the bond market; Global equities - no fall out from bail out; Emerging markets highlights.

Central African Republic: Sixth Review Under the Arrangement Under the Extended Credit Facility and Financing Assurances Review-Staff Report; Debt Sustainability Analysis; Staff Supplement; Press Release on the Executive Board Discussion [...]

International Monetary Fund

Recent performance suggests further economic stabilization, but uncertainties remain related to the 2010 general elections. Real GDP growth is projected to increase to 3.3 percent in 2010, with average CPI inflation slowing to 2 percent. Recovery in external demand is slow, but improving export prices and higher current transfers will offset increasing imports to stabilize the current account balance. Fiscal performance in 2009 was broadly on track. The government continued its domestic revenue mobilization efforts, controlled spending, cleared arrears, and further reduced expensive domestic bank credit. Investment spending was constrained by implementation capacity[...]

Central Government Debt: Statistical Yearbook 2010

OECD

Governments are major issuers of debt instruments in the global financial market. This volume provides quantitative information on central government debt instruments for the 31 OECD member countries to meet the analytical requirements of users such as policy makers, debt management experts and market analysts. Statistics are presented according to a comprehensive standard framework to allow cross-country comparison. Country methodological notes provide information on debt issuance in each country as well as on the institutional and regulatory framework governing debt management policy and selling techniques.

Completing the Eurozone Rescue: What More Needs to Be Done?

Centre for Economic Policy Research (CEPR)

Looking at Europe from afar, it must be difficult to understand the Eurozone crisis. How could a small nation's refinancing difficulties – Greece constitutes only 2% of the Eurozone's GDP – trigger a systemic crisis for the euro that brought global financial markets to the brink? [...]

Determinations of Foreign Exchange Swaps and Forwards

International Swaps and Derivates Association Inc. (ISDA)

For hundreds of years, the foreign exchange market has operated as the largest and most liquid financial market in the world. For much of this period, foreign exchange trading has been an integral part of the business activities of regulated commercial banks. As economic activity has become increasingly global in

nature, the importance of the deep and liquid over-the-counter FX market has continued to grow. Notably, the FX market has withstood many market disruptions throughout its long history, from the rise and fall of governments to the more contemporary currency crises in the 1990s and the financial crisis of the last several years [...]

Global Aging 2010: An Irreversible Truth

[Standard & Poor's](#)

No other force is likely to shape the future of national economic health, public finances, and policymaking as the irreversible rate at which the world's population is aging. The problem has been long observed and is well understood: U.N. figures show the proportion of the world's population aged over 65 is set to more than double by 2050, to 16.2% from 7.6% currently.[...]

Financial Inclusion: how do we make it happen?

[Making Finance Work for Africa](#)

With the political momentum around the issue of financial inclusion, WSBI presents some ideas, views and proposals on how to make it happen, with a specific focus on emerging and developing economies.

USAID and PRIDE Tanzania Partner on Historic Microfinance Bond

[United States Agency for International Development \(USAID\)](#)

Trading has begun on the Dar es Salaam Stock Exchange for the first ever microfinance bond in Sub-Saharan Africa. The Tsh 15,300,000,000 (\$10 Million) bond issue has been guaranteed by the United States Agency for International Development (USAID) in Tanzania to support lending through Tanzania's Promotion of Rural Initiatives and Development Enterprises Limited (PRIDE), extending credit to poor but economically active Tanzanians owning and running businesses since 1994.

The Johannesburg Accords - XX INCOSAI South Africa

[INTOSAI Public Debt Working Group](#)

During the 58th INTOSAI Governing Board Meeting in November 2008, two technical themes were approved for deliberation at XX INCOSAI. These themes are: I) "The Value and Benefits of SAIs"; II) Environmental Auditing and Sustainable Development. [...]

The 2010 AFI survey report on financial inclusion policy in developing countries

[AFI - Alliance for Financial Inclusion](#)

This paper aims to inform current global financial inclusion discussions by illustrating the regulatory and policymaking approaches to financial inclusion adopted by AFI members in developing countries.

The Budget Statement and Economic Policy for Fiscal Year 2011

[Ministry of Finance of Ghana](#)

Significant progress has been made in the last two years. The economy has shown strong resilience and stability, as indicated by all the key macroeconomic indicators. [...]

Should Argentina be Welcomed Back

[Trade Association for Emerging Markets \(EMTA\)](#)

Argentina has been making its way back to the international capital markets after being shunned for almost a decade following a catastrophic default and devaluation. Several corporations and sub-sovereign entities (provinces and municipalities) have issued bonds for nearly \$3 billion so far this year, and the national government could possibly debut soon.[...]

Public Debt Size, Cost And Long-Term Sustainability: Portugal Vs . Euro Area Peers

[Instituto de Gestão da Tesouraria e do Crédito Público, I.P.](#)

This note discusses the strength of government finances in Portugal, and its relative position with respect to other euro area countries.

Public Sector Debt Statistics Online Centralized Database (Flyer) [[downloadable](#)]

[The World Bank and The International Monetary Fund](#)

The Public Sector Debt Statistics (PSD) database, jointly developed by the World Bank and the International Monetary Fund, brings together detailed quarterly public sector debt data of selected countries, initially mainly developing /emerging market economies. The main purpose of the PSD database is to facilitate timely dissemination in standard formats of public sector debt data.

Financial Market Trends - OECD Journal

[OCSE](#)

Financial Market Trends provides regular updates of trends and prospects in the international and major domestic financial markets of the OECD area and beyond. It provides timely analysis of and background information on structural issues and developments in financial markets and the financial sector, focusing on areas where changes are most substantial. Topics include financial market regulation, bond markets and public debt management, insurance and private pensions, as well as financial statistics.

Network News

In the "Network News" section, the Partners can find *daily articles (340 items inserted by the Secretariat in the period 12th November – 23rd December)* extracted from best online newspapers and info providers and classified by geographical areas. To view them, it is necessary to enter in the reserved area of www.publicdebt.net with the personal username and password. For further info read also the Communication corner below.

Annual Reports & Guidelines go to the "*Information Corner*" on www.publicdebt.net

Events and Courses

Newly uploaded

8 November 2010 - Falk Auditorium. The Brookings Institution. 1775 Massachusetts Ave., NW, Washington, DC

Lives in the Balance: Improving Accountability for Public Spending in Developing Nations

12 November 2010 - New York

Discussion with the IMF on European Economies

30 November 2011 - 30 November 2011; London

ICMA Primary Market Forum 2010

1 December 2010 - 3 December 2010; London

GMRA-GMSLA Workshop

2 December 2010 - 3 December 2010; Downtown Conference Center, New York

Managing systemic risk in financial institutions and infrastructure

3 December 2010 - Brunel University: London UK

Debt Forum on Quantitative Models

8 December 2010 - Palais des Nations, Geneva, Switzerland

Heads of the IMF and WTO, Dominique Strauss-Kahn and Pascal Lamy, in an open debate on 8 December 2010, at the Palais des Nations, Geneva, Switzerland

14 December 2010 - Ararat Park Hyatt Moscow (Neglinnaya, 4)

Islamic Finance

15 December 2010 - Paris, France

EIF Annual Forum

21 December 2010 - Padova, Italy

Sovereign Risk in the Euro Area

20 January 2011 - 21 January 2011; Paris, France

20th OECD Global Forum on Public Debt Management

01 February 2011; Online activity

Transregional Capacity Building Programme on Public Debt

3 February 2011 - 4 February 2011; Geneva

Past, Present and Policy: 4th International Conference - The Sub-prime Crisis and how it Changed the Past

3 February 2011 - Grange St. Paul's, London

6th Annual European Market Liquidity Conference

7 February 2011 - 7 February 2011; Sidney

FTA Debt Markets Update 2011 - Sydney

9 February 2011 - 9 February 2011; Melbourne

Outlook for Corporate Debt Capital Markets in 2011 - Melbourne

21 February 2011 - 22 February 2011; Nairobi, Kenya

Africa Banking and Finance Conference

28 February 2011 - 4 March 2011; Mexico

Regional Workshop on Debt Management Evaluation Tool (World Bank)

1 March 2011 - 3 March 2011; Ljubljana, Slovenia

Payments and securities settlement systems

2 March 2011 - 4 March 2011; New Delhi, India
2011 IIF Spring Membership Meeting

23 March 2011 - The Cumberland Hotel ,London
Credit Strategy Focus

27 March 2011 - 27 March 2011; Calgary, Canada
2011 IIF Latin America Economic Forum

29 March 2011 - 31 March 2011; Ljubljana, Slovenia
Financial Stability Reports: Design and Effectiveness

29 March 2011 - 29 March 2011; New York, NY
Fundamentals of Derivatives Seminar

31 March 2011 - 31 March 2011; New York, NY
Understanding Collateral Arrangements and the ISDA Credit Support Documents Conference

12 April 2011 - 14 April 2011; Prague, Czech Republic
ISDA 26 The Annual general meeting Prague

Previously signaled

3 December 2010; Brussels
Workshop: Public debt and economic growth

29 Nov- 10 Dec. 2010 - Crown Agents - UK
Domestic Debt Management: Challenges & Techniques

17 January 2011 - 18 January 2011; Seoul, Korea
Macroprudential regulation and policy

3 February 2011 - 4 February 2011; Geneva
Past, Present and Policy: 4th International Conference - The Sub-prime Crisis and how it Changed the Past

7 February 2011 - 4 March 2011; web-based
Fundamentals of Risk Management

7 February 2011 - 11 March 2011; web-based
Combating Corruption In Public Financial Management

28 February 2011 - 2 March 2011; Luxembourg
Details of the next Financial Markets Foundation Course (FMFC) seminars

14 March 2011 - 15 April 2011; web-based
Fundamentals of the Money Market

11 April 2011 - 13 April 2011; London
Financial Markets Foundation Course (FMFC) seminars

23 May 2011 - 21 June 2011; web-based
Oversight of Public Finances: Fundamental Course

Communication Corner

NEW! At the link below, Partners can find details on the recent Vietnam study visit at the Italian Ministry of Economy and Finance premises.

<http://www.publicdebt.net.org/public/MoreAboutUs/Study/>

REMINDER...

e-LEARNING COURSE MATERIALS

The PDM network website hosts materials from e-learning course "**ADVANCED RISK MANAGEMENT**" organized by UNITAR thanks to Enrique Cosio-Pascal contribution.

The four modules course is downloadable from the Reserved Area of the website in the Section "*Learning Area*". This course is oriented toward those economists and financial specialists that would be dealing with financial risk management issues.

Participating Institutions in the PDM Network

OECD

Australian OFM, Austrian DMA, Belgian DMA, Belgian Central Bank, Canadian Foreign Affairs and International Trade, Chilean Central Bank, Czech Central Bank, Czech MoF, Danish DMO, Danish Central Bank, Danish MoF, Dutch Central Bank, Dutch DMA, Dutch MoF, Finnish Treasury, Finnish MoF, French Central Bank, French DMA, French MoF, German Central Bank, German MoF, German FA, Greek DMA, Greek MoF, Greek Central Bank, Hungarian DMA, Hungarian MoF, Hungarian National Bank, Icelandic DMA, Irish NTMA, Irish MoF, Israeli MoF, Israeli Central Bank, Italian Central Bank, Italian Ministry of Foreign Affairs, Italian MoF, Japanese MoF, Japanese Central Bank, Luxembourg MoF, Mexican MoF, New Zealander DMO, Norwegian MoF, Polish MoF, Polish Central Bank, Portuguese Central Bank, Portuguese DMA, Slovak MoF, Slovak DMA, Slovenian MoF, Spanish Central Bank, Spanish MoF, Swedish DMO, Swedish MoF, Swiss State Secretary for Economic Affairs SECO, Turkish Treasury, US GAO, UK Central Bank, UK DMO, UK Treasury.

Non-OECD

Afghan MoF, Albanian MoF, Angolan National Bank, The Audit Board of The Republic of Indonesia, Autonomous Sinking Fund of Cameroon, Barbados Central Bank, Bosnia and Herzegovina Federal Ministry of Finance, Brazilian Central Bank, Brazilian MoF, Bulgarian MoF, Chinese MoF, Colombian MHCP, Cyprian Central Bank, Cyprian MoF, Dubai Government, Dubai MoF, Eastern Caribbean Central Bank, Egyptian MoF, Estonian MoF, Ethiopian MoF, Fiji MoF, Georgian MoF, Ghanaian Central Bank, Ghanaian MoF, Hong Kong Monetary Auth., Indian Reserve Bank, Indian NIPF, Indonesian Central Bank, Kenyan MoF, Latvian DMO, Lebanese MoF, Lesotho MoF, Lithuanian MoF, Republic of Macedonia MoF, Malawian Reserve Bank, Maltese Treasury, Maltese Central Bank, Moldovan MoF, Moldovan Court of Accounts, Moroccan MoF, National Analytical Centre of the Government of Kazakhstan, Nicaraguans Ministry of Finance and Public Credit, Nigerian DMO, Pakistani MoF, Papua New Guinean Treasury, Paraguayan Ministry of Finance, Romanian MoF, Romanian Central Bank, Romanian Court of Accounts, Rwandan MoF, Singaporean MoF, Solomon Islands MoF, South African National Treasury, South Korean MoF, Sri Lanka Central Bank, Thai Central Bank, Thai MoF, Ugandan Central Bank, United Arab Emirates, Uruguayan MoF, Vietnamese MoF.

Multilateral Institutions

ADB-Asian Development Bank, African Development Bank Group, African Forum and Network on Debt and Development (Afrodad), Asian Development Bank Institute, Commonwealth Secretariat, Debt Relief International, European Bank EBRD, European Central Bank, European Commission, IMF-International Monetary Fund, Inter-American Development Bank, IFC, International Monetary Fund, MEFMI, WAIFEM, World Bank, OECD, UNCTAD.

Universities

Columbia University, Duke University's Fuqua School of Business, George Washington University, Harvard University, National Chengchi University, National University of Scienze and Technology, London Business School, Norwegian School of Economics and Business Administration, Stanford University, The George Washington University, University of Bologna, University of Brussels, University of Cambridge, University of California, University of London Birkbeck, University of Maryland, University of Milan, University of Molise, University of Padua, University of Rome "La Sapienza", CRIEP (Italy), University of Rome "Tor Vergata", University of Vienna.

Others

Association for Financial Markets in Europe (AFME), Barclays Capital, BE Berlin Economics GmbH, Centre for Planning and Economic Research, Crown Agents, Devfin Advisers AB, DIFC-Dubai International Financial Centre, Digital Bridge Institute, Exchange Data International Limited, Finance for Development-FMO, ICMA, ISEDA, KFW Bankengruppe, Japan Bank for International Cooperation, MAK Azerbaijan Ltd, McKinsey & Company, Inc. International, Michele Robinson Consult, Oxford Policy Management, Pragma Corporation, Public Debt Finance, Reykjavik Academy, Sifma-Epda, Storkey & Co. Ltd., United Bank For Africa (UBA) PLC., Japan Bank for International Cooperation.

Some Figures

On 23rd December 2010, the number of total resources of the PDM Network website is 3195. The Partners are 466, of which 161 belong to sovereign debt management institutions of emerging and advanced countries.

Special thanks

The PDM Secretariat is grateful to Ms. Dziobek (IMF) for her resource contribution.