PDM NETWORK *Monthly Newsletter*

n. 3/March 2015

ISSN 2239-2033

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.publicdebtnet.org**). 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 **publicdebtnet.dt@tesoro.it**.

Contents

New Documents

Papers

Core Topics in Debt Management

How Strategically is Public Debt Being Managed Around the Globe? A Survey on Public Debt Management Strategies (2015)
Cabral Rodrigo - World Bank

Abstract: This note describes the results of a 2013 World Bank survey of member countries about their debt management strategies. Out of a sample of 117 participating countries, 60% of countries have a formal debt management strategy in place. For the countries that have a strategy, results indicate that: (i) 77% make the details of the debt strategy public; (ii) 76% use some type of strategic target to define the debt strategy; (iii) 71% ground the debt strategy on quantitative analysis; (iv) in the vast majority, the strategy is approved by a high-level authority; and (v) in 44% of the cases the strategy is supported by a legal framework. However, only a limited number of countries (18 countries or 15%) satisfy all these requirements simultaneously. Results are also

broken-down by income level, World Bank region, and level of indebtedness.
Results suggest: (i) a need to further strengthen the capacity of countries to develop a debt management strategy; (ii) a need to focus particularly on strengthening the capacity of lower-income countries to undertake quantitative analysis in developing a strategy; (iii) a need for further discussion on the use of stochastic versus deterministic models; and (iv) a need to strengthen the debt management legal framework to support strategy development.
Compared with a similar survey carried out in 2007, these latest results indicate a significant increase in the use of strategic targets to define the debt strategy. However, no relevant changes are noted in having a strategy in place or making it public.

Primary Market

A New Structure for U.S. Federal Debt (2015)

Cochrane John H. - University of Chicago

Abstract: In this paper I propose a new structure for U.S. Federal debt. All debt should be perpetual, paying coupons forever with no principal. The debt should be composed of the following: 1) Fixed-value, floating-rate, electronically transferable debt. Such debt looks like a money-market fund, or reserves at the Fed, to an investor. 2) Nominal perpetuities. This debt pays a coupon of $1 per bond, forever. 3) Indexed perpetuities. This debt pays a coupon of $1 times the current consumer price index (CPI). 4) Debt should be sold in a form that is free of all income, estate, capital gains, and other taxes. 5) Variable coupons. The government should have the right to temporarily reduce or eliminate coupons without triggering legal default. 6) Swaps. The Treasury transact in simple swap contracts between these securities.

Secondary Market

Insurance Companies' Trading Behaviour During the European Sovereign Debt Crisis: Flight Home or Flight to Quality? (2015)

Bijlsmaa Melle - De Nederlandsche Bank; Vermeulenb Robert - De Nederlandsche Bank

Abstract: This paper empirically investigates if insurers exhibited a flight home or flight to quality during the European sovereign debt crisis and other stages of the financial crisis. Our dataset consists of over sixty insurance companies, for which the authors separately observe trading behavior and portfolio revaluations at a quarterly frequency during 2006-2013. When explaining insurers' trading behavior the authors explicitly control for country risk and momentum strategies. The results show that insurers exhibited a flight to quality during the European sovereign debt crisis, while the authors find no evidence of a flight home. The observed flight to quality was not present before the European sovereign debt crisis and disappeared after ECB chairman Draghi's speech mid-2012.

Legal Issues and Conventions

A European Capital Markets Union: implications for growth and stability (2015)

Anderson Niki - Bank of England; Brooke Martin - Bank of England; Hume Michael - Bank of England; Kürtösiová Miriam - Bank of England

Abstract: Capital Markets Union (CMU) is an overarching term used to describe a number of possible measures aimed at diversifying and integrating European capital markets to support economic growth and stability. This paper examines the mechanisms through which CMU could help to achieve these objectives, namely better matching of savers and borrowers and improved private-sector risk sharing, and identifies potential reform areas. In doing so, it gives consideration to the implications of greater financial diversification and integration for financial stability. The paper concludes that CMU proposals will need to be targeted at both savers and borrowers and that economic and financial stability will be better served if funds are directed towards investments less prone to capital flight during stress, including equities.

An International Insolvency Law for Sovereign Debt? (2015)

Amorello Luca - Goethe University Frankfurt

Abstract: In the last three decades, only developing countries dealt with the shadow of debt defaults but the recent European sovereign debt crises showed that even an high-income developed country might be locus of primary concern for sovereign debt insolvency. To deal with the Sovereign Debt restructuring issues the international practice has developed different approaches but none of these has appeared to be decisive. However, despite the inefficiencies of such mechanisms, the Euro zone financial crisis has showed the emergence of a common core of legal principles that are to be recognized as fundamental pillars of a common International Sovereign debt restructuring framework.

Argentina's Post 2001 Economy and the 2014 Default (2015)

Thomas Carolyn - Economics, B.A.; Cachanosky Nicolas - Metropolitan State University of Denver

Abstract: With two sovereign debt defaults within the last thirteen years, Argentina represents an interesting case study on the causes and effects of defaults by sovereign states. Argentina has had a history of economic strife for the last one hundred years, largely due to political and economic instability. This paper discusses the economics of Argentina after the 2001 financial crisis that lead to

the default in 2014. The paper also explains the main legal aspects for the Holdouts versus Argentina trial over the pari passu controversy, as well as discusses the different reactions to the trial and consequential default.

Collective Action Clauses for Puerto Rican Bonds: Borrowing Costs, Practical Considerations and Lessons from Sovereign Debt (2015)

Pietrantoni Antonio - New York University

Abstract: The Commonwealth of Puerto Rico has been the center of attention as it faces mounting pressure from its unsustainable debt obligations. Puerto Rico's current fiscal predicament is further complicated by the fact that it lacks a contractual mechanism that would help it obtain debt relief, if it ever seeks to do so, in an organized manner. The experience of the sovereign debt markets may yield the answer going forward. This essay will explore collective action clauses (CACs), a staple term in sovereign bonds, as a viable and practical contractual alternative to preventing this quandary from re-occurring in the future. The legal issues surrounding the current debt crisis and the remedies recently employed by the Commonwealth to address the current debt crisis are beyond the scope of this essay. Instead, I will employ a prospective, forward-looking approach and analyze the implications of including CACs in future Puerto Rican debt issuances. In particular, I will (i) provide a brief background on CACs within the sovereign and U.S. municipal debt context, (ii) survey empirical research on the borrowing costs CACs may impose, (iii) discuss recent developments, including their use by Belize — the only modern New York law sovereign issuer to activate CACs as part of a debt restructuring — and proposals by the IMF pushing for the strengthening of existing CACs and (iv) analyze CACs as viable tools for the Commonwealth's future debt management.

The Cyprus Crisis and the Legal Protection of Foreign Investors (2015)

Donato Giovanni Battista - Queen Mary University of London

Abstract: The legal protection of foreign investments deposited in EU financial institutions has attracted considerable attention both in the legal as well as in the business community following European Parliament's approval on last April of the Bank Recovery and Resolution Directive which includes the so called bail in clause. As the introduction of this clause reflects the intentions of EU's institutions to put an end to the use of taxpayers' funds to resolve financial crises, on the other hand it already had a remarkable impact on banks' creditors' property rights, especially in the case of foreign investors. In this view, this dissertation will survey the possible legal protection, mostly but not exclusively included in ad hoc Bilateral Investment Treaties ("BIT"), provided to foreign investors to recover the losses suffered following bail-ins' of credit institutions. In this regard, particular attention will be given to the analysis of the relevant crisis of the Cypriot's banking sector and the following laws enabling its restructuring by means of creditors' assets write off, the subsequent institutionalization of this template at the EU level and the connections of this new legal framework with international law rules and principles which safeguard property rights of expropriated foreign investors.

Risk Management Models

Are the Federal Reserves Stress Test Results Predictable? (2015)

Glasserman Paul - Office of Financial Research and Columbia University

Abstract: Regulatory stress tests have become a key tool for setting bank capital levels. Publicly disclosed results for four rounds of stress tests suggest that as the stress testing process has evolved, its outcomes have become more predictable and therefore arguably less informative. In particular, projected stress losses in the 2013 and 2014 stress tests are nearly perfectly correlated for bank holding companies that participated in both rounds. The authors also compare projected losses across different scenarios used in the 2014 stress test and find surprisingly high correlations for outcomes grouped by bank or by loan category, which suggests an opportunity to get more information out of the stress tests through greater diversity in the scenarios used. The authors discuss potential implications of these patterns for the further development and application of stress testing.

Ending over-lending: assessing systemic risk with debt to cash flow (2015)

Ramsay Bruce A. - Cascadia Monetary Research, Canada; Sarlin Peter - Goethe University Frankfurt

Abstract: This paper introduces the ratio of debt to cash flow (D/CF) of nations and their economic sectors to macro prudential analysis, particularly as an indicator of systemic risk and vulnerabilities. While leverage is oftentimes linked to the vulnerability of a nation, the stock of total debt and the flow of gross savings is a less explored measure. Cash flows certainly have a well-known connection to corporations' ability to service debt. This paper investigates whether the D/CF provides a means for understanding systemic risks. For a panel of 33 nations, the authors explore historic D/CF trends, and apply the same procedure to economic sectors. In terms of an early-warning indicator, the authors show that the D/CF ratio provides a useful additional measure of vulnerability to systemic banking and sovereign crises, relative to more conventional indicators. As a conceptual framework, the

assessment of financial stability is arranged for presentation within four vulnerability zones, and exemplified with a number of illustrative case studies.

How Did Markets React to Stress Tests? (2015)

Candelon Bertrand - IPAG Business School; Sy Amadou N.R. - International Monetary Fund

Abstract: In this paper the authors use event study methods to compare the market reaction to U.S. and EU-wide stress tests performed from 2009 to 2013. Typically, stress tests have a positive impact on stressed banks' returns. While the 2009 U.S. stress test had a large positive outcome, the impact of subsequent U.S. exercises decreased over time. The 2011 EU exercise is the only EU-wide stress test that resulted in a significant negative market reaction. Comparing past exercises suggests that the qualitative aspects of the governance of stress tests can matter more for stock market participants than technical elements, such as the level of the minimum capital adequacy threshold or the extent of data disclosure.

Derivatives

Central Counterparty Loss Allocation and Transmission of Financial Stress (2015)

Heath Alexandra - Reserve Bank of Australia; Kelly Gerard - Reserve Bank of Australia; Manning Mark - Reserve Bank of Australia

Abstract: Among the reforms to over-the-counter (OTC) derivative markets since the global financial crisis is a commitment to collateralise counterparty exposures and to clear standardised contracts via central counterparties (CCPs). The reforms aim to reduce interconnectedness and improve counterparty risk management in these important markets. At the same time, however, the reforms necessarily concentrate risk in one or a few CCPs and also increase institutions' demand for high-quality assets to meet collateral requirements. This paper looks more closely at the implications of these reforms for the stability of the financial network. Following Heath, Kelly and Manning (2013), the paper examines liquidity and solvency risk under alternative clearing configurations, but extends the analysis in two main ways. First, rather than using simulated data, it uses actual data on the derivative positions of the 41 largest bank participants in global OTC derivative markets in 2012 (as previously used by the Bank for International Settlements' Macroeconomic Assessment Group on Derivatives). Second, it extends the methodology to consider in greater depth the implications of loss allocation by CCPs to meet obligations once pre-funded financial resources have been exhausted, and in particular the mechanism of variation margin gains haircutting. This mechanism is considered in international standard-setters' guidance on recovery planning for CCPs and has been adopted by some CCPs. The paper demonstrates that designing and operating CCPs in accordance with international standards can limit the potential for stress to propagate through the system, even in very extreme market conditions.

Accounting, Transparency and Accountability

Financial assistance measures in the euro area from 2008 to 2013: statistical framework and fiscal impact (2015)

Maurer Henri - European Central Bank; Grussenmeyer Patrick - European Central Bank

Abstract: This paper summarizes the accounting principles and methodology used by statisticians within the European System of Central Banks (ESCB) to assess the impact on the government's fiscal position of the assistance measures undertaken to support the financial sector during the financial crisis. It then presents for the euro area and its participating countries the main fiscal impact of these measures for the period 2008-2013. The results are mainly structured around three important questions for the wider public: (i) What is the magnitude of the financial resources needed by governments to provide financial support? (ii) What is the current gain or loss to governments from interventions to support the financial sector? And (iii) How did the guarantees provided by governments to the financing sector change over the period? Finally, the paper discusses further accounting challenges associated with this topic.

Coordination with other Policies and Operations

Capital Flows and Domestic and International Order: Trilemmas from Macroeconomics to Political Economy and International Relations (2015)

Bordo Michael D. - Rutgers University; James Harold - Princeton University

Abstract: This paper explains the problem of adjustment to the challenges of globalization in terms of the logic underpinning four distinct policy constraints or trilemmas, and their interrelationship, and in particular the disturbances that arise from capital flows. The analysis of a policy trilemma was developed first as a diagnosis of exchange rate problems (the incompatibility of free capital flows with monetary policy autonomy and a fixed exchange rate regime); but the approach can be extended. The second trilemma the authors describe is the incompatibility between financial stability, capital mobility and fixed exchange rates. The third example extends the analysis to politics, and looks at the strains in reconciling democratic politics with

monetary autonomy and capital movements. Finally the authors examine the security aspect and look at the interactions of democracy with capital flows and international order. The trilemmas in short depict the way that domestic monetary, financial, economic and political systems are interconnected with the international. They can be described as the impossible policy choices at the heart of globalization. Frequently, the trilemmas conjure up countervailing anti-globalization tendencies and trends.

Foreign exchange intervention: strategies and effectiveness (2015)

Chutasripanich Nuttathum - Bank of Thailand; Yetman James – BIS

Abstract: Foreign exchange intervention has been actively used as a policy tool in many economies in Asia and elsewhere. In this paper, the authors examine two intervention rules (leaning against exchange rate misalignment and leaning against the wind), utilized with varying degrees of transparency, based on a simple model with three kinds of agents: fundamentalists, speculators and the central bank. The authors assess the effectiveness of these rules against five criteria: stabilising the exchange rate, reducing current account imbalances, discouraging speculation, minimising reserves volatility and limiting intervention costs. Overall the authors find no dominant intervention strategy. Intervention that reduces exchange rate volatility, for example, also reduces the risks of speculation, creating a feedback loop and potentially leading to high levels of speculation, reserves volatility and intervention costs. These intervention costs will be especially large when exchange rate movements are driven by interest rate shocks, although some degree of opaqueness can help to reduce them. Survey evidence from BIS (2005, 2013) indicates that central banks follow a range of different strategies when intervening in foreign exchange rates. Given the trade-offs that different strategies entail in our model, this is not surprising.

Of Austerity, Human Rights and International Institutions (2015)

Salomon Margot E. - London School of Economics and Political Science

Abstract: Austerity measures in many European countries have led to the violation of social rights and widespread socio-economic malaise. In the case of countries subjected to conditionality imposed by external institutions for the receipt of loans, the resultant harms have highlighted responsibility gaps across a range of international institutions. Two recent legal developments come together to expose these gaps: Greece's argument in a series of cases under the European Social Charter that it was not responsible for the impact on the right to social security brought about by austerity measures since it was only giving effect to its other international obligations as agreed with the European Commission, the European Central Bank and the International Monetary Fund (the Troika), and the concern to emerge from the Pringle case before the European Court of Justice that European Union institutions could do outside of the EU that which they could not do within the EU – disregard the Charter of Fundamental Rights in the exercise of their tasks. That the Commission and ECB were in time answerable to international organizations set up to provide financial support adds an additional layer of responsibility to consider. Taking Greece as a case study and drawing on EU law, international human rights law, and the law on the international responsibility of states and of international organizations, this article looks to what the authors can expect in legal terms and as a matter of contemporary societal expectation when it comes to having international institutions respect human rights.

Public Debt-Economic Performance Nexus Under Central Bank Financials: Evidence from the World in Pursuit of Financial Stability Policies (2015)

Ramlall Indranarain - University of Mauritius

Abstract: This paper innovates from all previous studies pertaining to public debt-GDP performance nexus by incorporating the structure of central bank financials and implementing the analysis for a large sample of 121 countries. Simultaneity, endogeneity and non-linearity effects are accommodated, let alone a continental public debt risk assessment. Results show that public debt levels beyond the range of 80-91% deter economic performance. Central banks equity, deposits, cash and profitability are found to be negatively impacting on the level of public debts worldwide. The study is important with critical findings for policy-makers worldwide following evidence of a generic illusionary growth path.

Rethinking Sovereign Debt: Politics, Reputation, and Legitimacy in Modern Finance (2014) (Excerpts)

Lienau Odette - Cornell University

Abstract: This book challenges the prevalent assumption that sovereign debt must be repaid — even after a major regime change — in order to maintain country creditworthiness. It argues that this conventional wisdom is overly simplistic and in some cases entirely wrong, and contends that its underlying assumptions of political neutrality, creditor uniformity, and historical constancy all fall away upon closer inspection. It points out that practices of sovereign debt and reputation are rendered intelligible only with reference to the highly politicized idea of 'sovereignty,' and argues that these practices necessarily diverge depending on the approach to sovereignty adopted. Furthermore, the book highlights that creditor uniformity cannot simply be assumed, and in fact different creditors

may view — and historically have viewed — the same debt repudiation in opposing ways. It contends that the post-World War I cases of the Soviet Union and Costa Rica have been misinterpreted, used to suggest the constancy of finance while in fact they demonstrate quite the opposite — that creditors can reasonably make reputational judgments in favor of post-repudiation lending. It goes on to argue that the consolidation of repayment norms through the twentieth century resulted not from economic inevitabilities but rather from changing political and ideological structures, shifts in creditor interactions, and decisions made by major institutions such as the World Bank. In short, the book highlights how seemingly rigid practices in international political economy can in fact depend upon contested and historically variable theoretical constructs. It provides a fascinating and surprising reconstruction of key norms in international affairs as well as a powerful challenge to prevailing expectations in the sovereign debt arena.

The four unions "PIE" on the Monetary Union "CHERRY": a new index of European Institutional Integration (2015)

Dorrucci Ettore - European Central Bank; Ioannou Demosthenes - European Central Bank; Mongelli Francesco Paolo - European Central Bank; Terzi Alessio - European Central Bank

Abstract: This paper presents a European Index of Regional Institutional Integration (EURII), which maps developments in European integration from 1958 to 2014 on the basis of a monthly dataset. EURII captures what the authors call: (i) the "Common Market Era", which lasted from 1958 until 1993; and (ii) the first twenty years of the "Union Era" that started in 1994, but gained new impetus in response to the euro area crisis. The paper complements the economic narratives of the crisis with an institutional approach highlighting the remedies to the flaws in the initial design of Economic and Monetary Union (EMU). In fact, since 2010, EMU's institutional framework has been substantially reformed. While work on EMU's new governance is still in progress, the broad contours of a "genuine union" have been outlined in the Four Presidents' Report of December 2012. The report envisages a more effective economic union, a fiscal union, a financial union, and a commensurate political union. The aim of the EURII index is threefold: (i) to provide a tool to synthesize and monitor the process of European institutional integration since 1958 and, in particular, track institutional reforms since 2010; (ii) to expand a previous integration index by showing that monetary unification – which was initially understood as "the cherry on the Internal Market pie" – implied a major discontinuity in the process and nature of European integration, that is, a new "pie on the cherry"; and (iii) to offer a tool for further research, policy analysis and communication.

How Inclusive Is Abenomics? (2015)

Aoyagi Chie - International Monetary Fund; Ganelli Giovanni - International Monetary Fund; Murayama Kentaro - International Monetary Fund

In this paper the authors assess the ongoing reform efforts in Japan in terms of inclusive growth. The authors use prefectural level panel data to regress a measure of inclusive growth, which incorporates both average income growth and income inequality, on macroeconomic and policy variables. Our analysis suggests that achieving the Bank of Japan's 2 percent inflation target has a positive effect on average income growth, but an adverse effect on income equality. The package of structural reforms planned under Abenomics is found to be effective in increasing both average income growth and income equality. The main policy implication of our analysis is that full implementation of structural reforms– especially labor market reforms–is necessary to both foster growth and increase equality.

The Use and Effectiveness of Macroprudential Policies: New Evidence (2015)

Cerutti Eugenio - International Monetary Fund; Claessens Stijn - International Monetary Fund; Laeven Luc - International Monetary Fund

Abstract; Using a recent IMF survey and expanding on previous studies, the authors document the use of macro prudential policies for 119 countries over the 2000-13 period, covering many instruments. Emerging economies use macro prudential policies most frequently, especially foreign exchange related ones, while advanced countries use borrower-based policies more. Usage is generally associated with lower growth in credit, notably in household credit. Effects are less in financially more developed and open economies, however, and usage comes with greater cross-border borrowing, suggesting some avoidance. And while macro prudential policies can help manage financial cycles, they work less well in busts.

Uncertainty and Investment: The Financial Intermediary Balance Sheet Channel (2015)

Chen Sophia - International Monetary Fund

Abstract: Rollover risk imposes market discipline on banks' risk-taking behavior but it can be socially costly. I present a two-sided model in which a bank simultaneously lends to a firm and borrows from the short-term funding market. When the bank is capital constrained, uncertainty in asset quality and rollover risk create a negative externality that spills over to the real economy by ex-ante credit contraction. Macro prudential and monetary policies can be used to

reduce the social cost of market discipline and improve efficiency.

Monetary Policy

Liquidity Squeeze, Abundant Funding and Macroeconomic Volatility (2015)

Kharroubi Enisse – BIS

Abstract: This paper studies the choice between building liquidity buffers and raising funding ex post, to deal with liquidity shocks. The authors uncover the possibility of an inefficient liquidity squeeze equilibrium. Agents typically choose to build smaller liquidity buffers when they expect cheap funding. However, when agents hold smaller liquidity buffers, they can raise less funding because of limited pledgeability, which in the aggregate depresses the funding cost. This incentive structure yields multiple equilibria, one being an inefficient liquidity squeeze equilibrium where agents do not build any liquidity buffer. Comparative statics show that this inefficient equilibrium is more likely when the supply of funding is large, and/or when aggregate shocks display low volatility. Last, the effectiveness of policy options to restore efficiency is limited because the net gain to intervention decreases with the availability of funding. In other words, policy becomes ineffective when the equilibrium becomes inefficient.

Why do we need both liquidity regulations and a lender of last resort? A perspective from Federal Reserve lending during the 2007-09 US financial crisis (2015)

Carlson Mark – BIS; Duygan-Bump Burcu - Division of Monetary Affairs, Federal Reserve Board; William R Nelson William R Nelson - Division of Monetary Affairs, Federal Reserve Board

Abstract: During the 2007-09 financial crisis, there were severe reductions in the liquidity of financial markets, runs on the shadow banking system, and destabilizing defaults and near-defaults of major financial institutions. In response, the Federal Reserve, in its role as lender of last resort (LOLR), injected extraordinary amounts of liquidity. In the aftermath, lawmakers and regulators have taken steps to reduce the likelihood that such lending would be required in the future, including the introduction of liquidity regulations. These changes were motivated in part by the argument that central bank lending entails extremely high costs and should be made unnecessary by liquidity regulations. By contrast, some have argued that the loss of liquidity was the result of market failures, and that central banks can solve such failures by lending, making liquidity regulations unnecessary. In this paper, the authors argue that LOLR lending and liquidity regulations are complementary tools. Liquidity shortfalls can arise for two very different reasons: First, sound institutions can face runs or a deterioration in the liquidity of markets they depend on for funding. Second, solvency concerns can cause creditors to pull away from troubled institutions. Using examples from the recent crisis, the authors argue that central bank lending is the best response in the former situation, while orderly resolution (by the institution as it gets through the problem on its own or via a controlled failure) is the best response in the second situation. The authors also contend that liquidity regulations are a necessary tool in both situations: They help ensure that the authorities will have time to assess the nature of the shortfall and arrange the appropriate response, and they provide an incentive for banks to internalize the externalities associated with any liquidity risks.

The Conduct of Monetary Policy in the Future (2015)

Inaba Kei-Ichiro - Oecd – France; O'Farrell Rory - Oecd, France; Rawdanowicz Lukasz - Oecd, France; Christensen Ane Kathrine - Oecd, France

Abstract; The set of monetary policy instruments has expanded since the start of the global financial crisis in the many OECD economies. Against this background, this paper analyses whether some of the new instruments should be retained in the long term when broader financial stability objectives are likely to feature more prominently as monetary policy goals than prior to the crisis. It also assesses if these new instruments should be used during the transition to this situation and when countries are stuck in persistent stagnation. In the post recovery situation, central banks could ultimately revert to targeting short-term market rates with small balance sheets. This might, however, require changes to monetary policy implementation due to new liquidity requirements. The transition to this situation will be lengthy and will require a mixture of liquidity draining instruments. Alternatively, they could adopt a floor system, which may benefit financial stability. The use of unconventional measures as a substitute for policy rate cuts will no longer be needed unless countries remain in persistent stagnation. Nevertheless, in the post-recovery normal, extended collateral and counterparty eligibility could be sustained, and currency swap lines among central banks could be expanded.

Central Banking in Latin America: From the Gold Standard to the Golden Years (2015)

Jácome H. Luis Ignacio - International Monetary Fund

Abstract: This paper provides a brief historical journey of central banking in Latin America to shed light on the debate about monetary policy in the post-global financial crisis period. The paper distinguishes three periods in Latin America's central bank history: the early years, when central banks endorsed the gold standard and coped with the collapse of this monetary system; a second period, in which central banks turned into development banks under the aegis of governments at the expense of increasing inflation; and the "golden years," when central banks succeeded in preserving price stability in an environment of political independence. The

paper concludes by cautioning against overburdening central banks in Latin America with multiple mandates as this could end up undermining their hard-won monetary policy credibility.

Financial crisis, US unconventional monetary policy and international spillovers (2015)

Chen Qianying - International Monetary Fund; Filardo Andrew – BIS; He Dong - International Monetary Fund

Abstract: The authors study the impact of US quantitative easing (QE) on both the emerging and advanced economies, estimating a global vector error correction model (GVECM). The authors focus on the effects of reductions in the US term and corporate spreads. The estimated effects of QE are sizeable and vary across economies. First, the authors find the QE impact from reducing the US corporate spread to be more important than that from lowering the US term spread, consistent with Blinder's (2012) argument. Second, counterfactual exercises suggest that US QE measures, especially the cumulative effects of successive QE measures starting with the sizeable impact of the early actions, countered forces that could have led to episodes of prolonged recession and deflation in the advanced economies. Third, the estimated effects on emerging economies are diverse but generally larger than those found for the United States and other advanced economies. The estimates suggest that US monetary policy spillovers contributed to overheating in Brazil, China and some other emerging economies in 2010 and 2011, but supported their respective recoveries in 2009 and 2012. These heterogeneous effects point to unevenly distributed benefits and costs of monetary policy spillovers.

Frontiers of Monetary Policymaking: Adding the Exchange Rate as a Tool to Combat Deflationary Risks in the Czech Republic (2015)

Alichi Ali - International Monetary Fund; Benes Jaromir - International Monetary Fund; Felman Joshua - International Monetary Fund; Feng Irene - International Monetary Fund; Freedman Charles - Carleton University Ottawa, Canada

Abstract: The paper first describes how the Czech National Bank (CNB) moved gradually from a fixed exchange rate regime to the frontiers of Inflation-Forecast Targeting. It then focuses on the CNB's recent experience in adding the exchange rate as a complementary monetary policy tool to stimulate the economy and combat the risks of deflation when the policy interest rate is at the zero lower bound. It assesses the theoretical basis of such a policy, the communications approach used by the CNB when announcing the new framework, and the effects thus far on inflation and output.

The transmission of monetary policy in EMEs in a changing financial environment: a longitudinal analysis

Fiscal Policy and Budget Management

Austerity Plans and Tax Evasion : Theory and Evidence from Greece (2015)

Pappada Francesco - Banque de France; Zylberbergz Yanos - University of Bristol

Abstract: The unprecedented tax hikes implemented in Greece in 2010 generated a much lower than expected increase in tax revenues. In this paper, the authors document a new stylized fact explaining this gap: the strong increase of tax evasion. The authors then analyze the response of the economy to tax hikes in a stylized model where firms adjust the share of their declared activity. The authors calibrate the model to firm-level balance sheet data for Greece and quantify the response of tax evasion to the 2010 fiscal adjustment. One third of the tax increase is lost because small and medium size firms expand their share of non-declared activity. In turn, this lowers their borrowing capacity and contributes to non-negligible output losses.

Comparing fiscal multipliers across models and countries in Europe (2015)

Kilponen Juha - Bank of Finland; Pisani Massimiliano - Bank of Italy; Schmidt Sebastian - European Central Bank; Corbo Vesna - Swedish National Bank
Hlédik Tibor - Czech National Bank

Abstract: This paper employs fifteen dynamic macroeconomic models maintained within the European System of Central Banks to assess the size of fiscal multipliers in European countries. Using a set of common simulations, the authors consider transitory and permanent shocks to government expenditures and different taxes. The authors investigate how the baseline multipliers change when monetary policy is transitorily constrained by the zero nominal interest rate bound, certain crisis-related structural features of the economy such as the share of liquidity-constrained households change, and the endogenous fiscal rule that ensures fiscal sustainability in the long run is specified in terms of labor income taxes instead of lump-sum taxes.

Do Fiscal Councils Impact Fiscal Performance? (2015)

Coletta Giovanni – Indipendent; Graziano Carmen - Ministry of the Treasury, Italy; Infantino Giancarlo - Ministry of the Treasury, Italy

Abstract: The lack of budget transparency and projections accuracy have been among the determinants of the last four decades high deficit and debt, as the recent 2008-2009 economic crisis has highlighted. In order to improve fiscal policy process and budget transparency, the European Union (EU) stated more stringent fiscal rules monitored by

Independent Fiscal Bodies, that have the capacity to "tie the hands" of policymakers tempted by deviations from socially optimal choices according to the academic circles. The present paper aims at empirically verifying if Fiscal Councils (FCs) in Europe (as a complement or substitute for the Fiscal Rules - FRs) have an impact on Governments' fiscal decisions and if this impact exists and is positive which feature of their functioning is relevant for their effectiveness. The data elaborated with a panel regression model are the actual and foreseen (one year ahead) public finance and economic data of eleven European Countries1. The yearly planned change of the Cyclically Adjusted Budget Balance (CAB) 2 is interpreted as the discretionary fiscal policy and data about FCs and FRs are those of the European Commission (EC) Database on Fiscal Governance (data on fiscal institutions of the European database were opportunely adjusted, controlled and rebuilt for the missing years to construct the Fiscal Council Index - FCI). This work (with the caveats related to the used data) provides empirical support for the hypothesis of a positive impact of FCs on fiscal performance; leading to the conclusion that if there are clear and strong FRs, the presence of fiscal institutions with solid basis in national institutional framework (strong legal basis) could positively affect political decisions.

[Does fiscal austerity affect public opinion?]() (2015)

Kalbhenn Anna - European Central Bank; Stracca Livio - European Central Bank

Abstract: In this paper the authors explore the impact of fiscal austerity on three different dimensions of public opinion (overall life satisfaction and confidence, attitude towards national authorities, and European institutions). Based on a panel of 26 EU countries, the authors find that, overall, fiscal consolidation episodes tend to have little and inconsistent impact on our measures of public opinion once the authors include macro controls (real GDP growth, inflation, unemployment, and whether a country is in a EU/IMF program). Some of the circumstances under which consolidation is undertaken are significant in explaining the effect on public opinion, but also these effects are neither strong nor consistent throughout. The authors conclude that the effect of fiscal consolidation measures on public opinion mainly operates through their effect on the macro economy.

Fiscal Administration and Public Sector (2015)

Kim Kiyoung - Chosun University

Abstract: A fiscal administration shows the reality of government and public organization in their provision of public good or service for the citizen. It is an independent subject from the accounting, economic, political, and legal science, which is interdisciplinary and strives for any distinct goal of studies. A fiscal sustainability perhaps would be one ideal that this science would flounder to crystallize and hold out (Chantrill, C., 2014; Laureate Education, 2008c). The studies would be similar to the adjacent sciences, but could be defined ultimately for its unique feature or characteristic. The accounting or accounting sciences would aim to set forth the standards of evaluating the operation and asset or debt as well as the formality to show the numerical status or assessment for the businesses, mainly private and secondarily public. The fiscal administration involves these aspects, but there are many other elements to inculcate the minds of fiscal researcher, such as public ideals or social justice beyond the math or numerical requirements. The economic science would guide the criterion of practice for the government or public organization when they contemplate on the fiscal issues or challenges. [...]

Governments' payment discipline: the macroeconomic impact of public payment delays and arrears (2015)

Checherita-Westphal Cristina - European Central Bank; Klemm Alexander - International Monetary Fund; Viefers Paul - DIW, Berlin

Abstract: This paper considers the impact of changes in governments' payment discipline on the private sector. The authors argue that increased delays in public payments can affect private sector liquidity and profits and hence ultimately economic growth. The authors test this prediction empirically for European Union countries using two complementary approaches. First, the authors use annual panel data, including a newly constructed proxy for government arrears. Using panel data techniques, including methods that allow for endogeneity, the authors find that payment delays and to some extent estimated arrears lead to a higher likelihood of bankruptcy, lower profits, and lower economic growth. While this approach allows a broad set of variables to be included, it restricts the number of time periods. The authors therefore complement it with a Bayesian VAR approach on quarterly data for selected countries faced with significant payment delays. With this second approach, the authors also find that the likelihood of bankruptcies rises when the governments increase the average payment period.

The confidence effects of fiscal consolidations (2015)

Beetsma Roel - University of Amsterdam; Cimadomo Jacopo - European Central Bank; Furtuna Oana - University of Amsterdam; Giuliodori Massimo - University of Amsterdam

Abstract: In this paper the authors explore how fiscal consolidations affect private sector confidence, a possible channel for the fiscal transmission that has received particular attention recently as a result of governments embarking on austerity trajectories in the aftermath of the crisis. Panel regressions based on the action-based datasets of De Vries et al. (2011) and Alesina et al. (2014) show that

consolidations, and in particular their unanticipated components affect confidence negatively. The effects are stronger for revenue-based measures and when institutional arrangements, such as fiscal rules, are weak. To obtain a more accurate picture of how consolidations affect confidence, the authors construct a monthly dataset of consolidation announcements based on the aforementioned datasets, so that the authors can study the confidence effects in real time using an event study. Consumer confidence falls around announcements of consolidation measures, an effect driven by revenue-based measures. Moreover, the effects are most relevant for European countries with weak institutional arrangements, as measured by the tightness of fiscal rules or budgetary transparency. The effects on producer confidence are generally similar, but weaker than for consumer confidence. Long-term interest rates, as a measure of confidence in the sovereign, tend to fall around spending-based consolidation announcements that take place in slump periods. Overall, if confidence is a concern and consolidation is unavoidable, spending-based measures seem preferable. Slump periods are not necessarily bad moments for such measures, while strengthening institutional arrangements may help in mitigating adverse confidence effects.

China: How Can Revenue Reforms Contribute to Inclusive and Sustainable Growth? (2015)

Lam W. Raphael - International Monetary Fund; Wingender Philippe - International Monetary Fund

Abstract: Revenue reforms can contribute to more inclusive, green, and sustainable growth in China. Relative to OECD economies, fiscal policy in China is less redistributive. Options for promoting more inclusive growth include improving the progressivity of labor taxes (individual income tax and social security contributions), introducing a recurrent property tax, and finishing the transition to a comprehensive value-added tax. Higher environmental taxes, meanwhile, would promote more environment-friendly economy. These reforms could also significantly boost revenue, potentially by as much as 6½ percent of GDP. Such increases in revenue could help reduce the deficit, finance priority social and infrastructure spending, and offset cuts in other taxes. The authors illustrate how these revenue reforms could be part of a comprehensive fiscal package that achieves the needed consolidation in the (augmented) deficit and foster higher quality growth.

Fiscal Multipliers in Ukraine (2015)

Mitra Pritha - International Monetary Fund; Poghosyan Tigran - International Monetary Fund

Abstract: Amid renewed crisis, falling tax revenues, and rising debt, Ukraine faces serious fiscal consolidation needs. Durable fiscal adjustment can support economic confidence and rebuild buffers but what is its overall impact on growth? How effective are revenue versus spending instruments? Does current or capital spending have a larger impact? Applying a structural vector autoregressive model, this paper finds that Ukraine’s near-term revenue and spending multipliers are well below one. In the medium-term, the revenue multiplier becomes insignificant (with a wide confidence interval) and the spending multiplier strengthens. Capital and current spending have a similar effect on growth but the capital multiplier remains significant for longer. These results suggest near-term consolidation based on a combination of revenue and spending measures would have a modest impact on growth. At the same time, medium-term policies could minimize the adverse consequences of consolidation on growth by offsetting some current spending cuts with increased capital spending. Given the severe challenges facing the Ukrainian economy, it is important that policymakers apply these results in conjunction with broader considerations such as public debt sustainability, investor confidence, credibility of government policies, and public spending efficiency. Consequently, it may be necessary to rely more on current spending cuts over other types of consolidation measures even though multiplier estimates suggest a more diverse combination of measures.

Growing (Un)equal: Fiscal Policy and Income Inequality in China and BRIC+ (2015)

Cevik Serhan - International Monetary Fund; Correa-Caro Carolina - International Monetary Fund

Abstract: This paper investigates the empirical characteristics of income inequality in China and a panel of BRIC+ countries over the period 1980–2013, with a focus on the redistributive contribution of fiscal policy. Using instrumental variable techniques to deal with potential endogeneity, the authors find evidence supporting the hypothesis of the existence of a Kuznets curve—an inverted Ushaped relationship between income inequality and economic development—in China and the panel of BRIC+ countries. In the case of China, the empirical results indicate that government spending and taxation have opposing effects on income inequality. While government spending appears to have a worsening impact, taxation improves income distribution. Even though the redistributive effect of fiscal policy in China appears to be stronger than what the authors identify in the BRIC+ panel, it is not large enough to compensate for the adverse impact of other influential factors.

Investment Scaling-up and the Role of Government: the Case of Benin (2015)

Ghilardi Matteo F. - International Monetary Fund
Sola Sergio - International Monetary Fund

Abstract: This paper studies the fiscal implications for the Beninese economy of scaling up of public investment when the government is subject to

inefficiencies on the spending and on the tax collection side. While scaling up of public investments results in higher long-run output and consumption levels, a fiscal stabilization package is required in order to preserve fiscal sustainability. A welfare analysis shows that consumers' welfare is increased when the government smoothes the fiscal adjustment via higher borrowing. Moreover, the comparison between several stabilization packages highlights the fact that higher welfare is achieved when the government relies mostly on taxation of capital as this allows higher levels of consumption to materialize earlier. Lower fiscal costs can however be achieved if the government manages to reduce inefficiency in tax collection. Finally, the authors consider a change in the trade regime that causes a decline in revenues. The authors find that the higher fiscal burden required to preserve fiscal sustainability would completely wipe out the welfare gain of higher public investments.

Subnational Bond Markets

Does the Ownership Structure of Government Debt Matter? Evidence from Munis (2015)

Babina Tania - University of North Carolina; Jotikasthira Chotibhak - University of North Carolina; Lundblad Christian T. - University of North Carolina; Ramadorai Tarun - University of Oxford

Abstract: The U.S. municipal bond market provides a natural laboratory, free of impediments to capital flows across states or currency considerations, to assess how the composition of ownership of government debt affects government bond prices and real economic outcomes. The authors exploit quasi-exogenous variation in local (in-state) bond ownership arising from variation in state tax privileges for state-resident bondholders. A high in-state holding of local government debt is associated with higher susceptibility of government bond prices to demand and supply shocks, heightened sensitivity of bond prices to local political uncertainty, and difficulty raising capital for public projects during crises.

Public Debt in Macroeconomic Analysis

Sustainability of Public Debt in the United States and Japan (2014)

Cline William R. - Peterson Institute for International Economics

Abstract: This paper applies the probabilistic debt sustainability model developed for the euro area in Cline (2012, 2014) to sovereign debt in the United States and Japan. The results indicate that to avoid further increases in the expected ratio of public debt to GDP over the next decade, average annual primary deficits will need to be reduced by about 0.75 percent of GDP in the United States and by about 3 percent of GDP in Japan from the likely baselines as of mid-2014.

China's Debt Woes: Not Yet a 'Lehman Moment' (2015)

Sharma Shalendra D. - University of San Francisco

Abstract: What explains the sharp increase in the Chinese economy's indebtedness, in particular the China's onshore corporate debt? Has the overall debt burden reached a threshold where it poses a systemic risk, thereby making the economy vulnerable to a "Lehman Moment" - with disorderly unwinding of the private sector and sovereign debt? What are the short and longer term implications of China's growing debt problems on domestic economic growth and the broader global political economy? What has Beijing done to ameliorate the problem, how effective were its efforts, and what must it do to deal with this problem?

Sovereign Spreads in the Euro Area: A Model of Bailouts and Contagion (2015)

Perazzi Elena - University of Lausanne

Abstract: The convergence and subsequent divergence of sovereign spreads in the Euro Area after 2000 and after 2008, respectively, is a puzzle that has mainly been explained so far by a surge in risk aversion after 2008 or as evidence of multiple equilibria. The authors propose another explanation, based on the availability of bailouts by Euro Area institutions, that was first perceived as an implicit guarantee on the sovereign debt of Euro countries and was then formalized with the establishment of institutions such as the EFSF and the ESM. The limited lending capacity of these institutions is a channel of contagion between the spreads of different countries, as one country needing (or being perceived as close to needing) a bailout diminishes the prospects of another country receiving a bailout as well. The authors propose a model in this direction and explore some implications of such bailout mechanisms.

Sovereigns Versus Banks: Credit, Crises and Consequences (2014)

Jorda Oscar - Federal Reserve Bank of San Francisco; Schularick Moritz - Free University of Berlin (FUB); Taylor Alan M. - University of California

Abstract: Two separate narratives have emerged in the wake of the Global Financial Crisis. One interpretation speaks of private financial excess and the key role of the banking system in leveraging and deleveraging the economy. The other emphasizes the public sector balance sheet over the private and worries about the risks of lax fiscal policies. However, the two may interact in important and understudied ways. This paper examines the co-evolution of public and private sector debt in advanced countries since 1870. The authors find that in advanced economies significant financial stability risks have mostly come from private sector credit booms rather than from the expansion of public debt. However, the authors

find evidence that high levels of public debt have tended to exacerbate the effects of private sector deleveraging after crises, leading to more prolonged periods of economic depression. The authors uncover three key facts based on our analysis of around 150 recessions and recoveries since 1870: (i) in a normal recession and recovery real GDP per capita falls by 1.5 percent and takes only 2 years to regain its previous peak, but in a financial crisis recession the drop is typically 5 percent and it takes over 5 years to regain the previous peak; (ii) the output drop is even worse and recovery even slower when the crisis is preceded by a credit boom; and (iii) the path of recovery is worse still when a credit-fueled crisis coincides with elevated public debt levels. Recent experience in the advanced economies provides a useful out- of-sample comparison, and meshes closely with these historical patterns. Fiscal space appears to be a constraint in the aftermath of a crisis, then and now.

The Financial Sector and Growth in Emerging Asian Economies (2015)

Cline William R. - The Peterson Institute for International Economics

Abstract: This study suggests that Asian emerging-market economies now have financial sectors relatively unlikely to provoke new financial crises, either because of reforms after the late-1990s East Asian financial crisis or because of the dominance of state-owned banks not subject to bank runs. Financial intermediation is found to be surprisingly high and is consistent with higher rates of saving and investment and hence growth in the main economies of the region than in counterparts in Latin America. There are sharply diverging patterns nonetheless (e.g., high foreign ownership of banks in the Republic of Korea versus minimal presence in the People's Republic of China). Differing national structures are identified (bank dominated, portfolio oriented, diversified). Policy recommendations include establishing clear long-term plans to improve efficiency in state-owned banks or reduce their dominance; pursuing bank capitalization targets at least as ambitious as those of Basel III; ensuring adequate regulation of growing nonbank intermediaries; reversing a recent trend toward renewed international financial closure in some economies; and improving legal security of bank regulators in some countries.

Spillovers in the Nordic Countries (2015)

Mircheva Borislava - International Monetary Fund
Muir Dirk - International Monetary Fund

Abstract: Denmark, Finland, Norway, and Sweden form a tightly integrated region which has strong ties with the euro area as well as some exposure to Russia. Using the IMF's Global Integrated Monetary and Fiscal model (GIMF), the authors examine spillovers the region could face, focusing on possible scenarios from the rest of the euro area and Russia, and the fall in global oil prices. The authors show that the spillovers from these scenarios differ in magnitude and impact, regardless of the high degree of integration among the four Nordic economies. These differences are driven by the fact that Denmark and Finland have no independent monetary policy, and Denmark and Norway are net energy exporters while Finland and Sweden are energy importers. The authors infer lessons for policy from the outcomes.

The Flexible System of Global Models - FSGM (2015)

Andrle Michal - International Monetary Fund; Blagrave Patrick - International Monetary Fund; Espaillat Pedro - International Monetary Fund; Honjo Keiko - International Monetary Fund; Hunt Benjamin - International Monetary Fund

Abstract: The Flexible System of Global Models (FSGM) is a group of models developed by the Economic Modeling Division of the IMF for policy analysis. A typical module of FSGM is a multi-region, forward-looking semi-structural global model consisting of 24 regions. Using the three core modules focused on the G-20, the euro area, and emerging market economies, this paper outlines the theory under-pinning the model, and illustrates its macroeconomic properties by presenting its responses under a wide range of experiments, including monetary, financial, demand, supply, fiscal and international shocks.

Historical Evolution of Debt Management

A Critical-Realist Account of the Greek Crisis (2015)

Andreou Akrivi - University of Piraeus; Andrikopoulos Andreas - University of the Aegean; Nastopoulos Christos - University of the Aegean

Abstract: In this paper the authors try to explain the origins and the dynamics of the sovereign debt crisis in Greece, in the context of critical realist economics. The origins of the Greek crisis are discovered in the global credit crisis of 2007 and are rooted in the institutional design of the Eurozone and the fiscal and institutional weaknesses of the Greek economy. The authors explore the period from the outbreak of the crisis in late 2009 until the return of the Greek government to bond markets in April 2014. The authors discuss the dynamics of the crisis as outcomes of the choices made by Greek and European citizens, Greek and European political leaders, international policy makers and capital market participants. Our analysis demonstrates how important actors set the mechanism of the crisis in motion, either by reproducing or by transforming the structures which underlie Greek and European political economies.

Debt, Defaults and Crises: A Historical Perspective (2015)

Kotze Antonie - University of Johannesburg

Abstract: The financial crisis that has been wreaking havoc in markets across the world since August 2007 had its origins in an asset price bubble that interacted with new kinds of financial innovations that masked risk; with companies that failed to follow their own risk management procedures; and with regulators and supervisors that failed to restrain excessive risk taking. A bubble formed in the U.S. housing markets as home prices across the country increased each year from the mid-1990s to 2006, moving out of line with fundamentals like household income. Like traditional asset price bubbles, expectations of future price increases developed and were a significant factor in inflating house prices. As individuals witnessed rising prices in their neighborhood and across the country, they began to expect those prices to continue to rise, even in the late years of the bubble when it had nearly peaked. When the 2008 crisis hit, governments, corporations and individuals defaulted on interest payments. However, government debt defaults are a recurring feature of public finance. These defaults have typically involved low-income and emerging-market economies, although recent cases include advanced-economy sovereigns. Sovereign states have borrowed money for hundreds of years. Sovereign debt was one of the first financial assets ever traded, and continues to comprise a significant fraction of global financial assets. Unlike private debt, sovereign debt is especially difficult to enforce. For centuries, the legal doctrine of sovereign immunity limited suit against defaulting sovereigns, while few government assets are available for attachment in foreign jurisdictions.

Ireland and Iceland in Crisis D: Similarities and Differences (2014)

Zeissler Arwin G - Yale School of Management; Ikeda Daisuke - Bank of Japan; Metrick Andrew - Yale School of Management

Abstract: On September 29, 2008 - two weeks after the collapse of Lehman Brothers, the government of Ireland took the bold step of guaranteeing almost all liabilities of the country's major banks. The total amount guaranteed by the government was more than double Ireland's gross domestic product, but none of the banks were immediately nationalized. The Icelandic banking system also collapsed in 2008, just one week after the Irish government issued its comprehensive guarantee. In contrast to the Irish response, the Icelandic government did not guarantee all bank debt. Instead, the Icelandic government controversially split each of the three major banks into a new bank that was solvent and held all domestic assets and deposits, and an old bank that retained everything else and was placed into bankruptcy. Given the different responses of the Irish and Icelandic governments to the crisis and the different economic adjustment options afforded by the currency regimes of each country, economists have looked at Ireland and Iceland to study possible responses to other financial crises.

Sovereign Default of Iceland: Voting Outcomes of the Referenda 2010 and 2011 Conducted for the Approval of the Icesave Bill (2015)

Sayeed Fahad - University of Oxford

Abstract: This paper reports the various statistics collected in reference to the referenda held in Iceland in 2010 and subsequently in 2011 for the settlement of the Ice save dispute with United Kingdom and Netherlands. With Iceland reeling from the financial crisis of 2008 and the crash of its privatized banking sector, the country faced enormous foreign debt in comparison to its foreign currency reserves. Pertaining to passing on the losses of the banks onto creditors but safeguarding the domestic banking led to extreme financing needs for the country and austerity measures kicked in. Looking towards International Monetary Fund and the neighboring Nordic countries for lending, the Ice save bill became the pivot to access the international capital markets. This paper analyzes the outcomes of the referendum held in 2010 and then again in 2011 after being rejected by an astounding majority earlier on. While many of the published works have focused on the crisis of Iceland as well as analyzed the legal structure of the Ice save bill which was presented in 2009 and subsequently, amended, the literature has created a lacunae in understanding the motivations of the same populace and two widely different outcomes on the same issue within a timeframe of a year. This paper attempts to narrow down the population regionally and understand the demographics of the people who changed their decisions over the two referenda and the reasons for the change. The paper tries to support the outcomes via help of available statistics thereby, forming a bridge between economics and behavioral decision-making.

New Evidence on the Impact of Financial Crises in Advanced Countries (2015)

Romer Christina D. - University of California, Berkeley; Romer David H. - University of California, Berkeley

Abstract: This paper examines the aftermath of financial crises in advanced countries in the four decades before the Great Recession. The authors construct a new series on financial distress in 24 OECD countries for the period 1967–2007. The series is based on assessments of the health of countries' financial systems from a consistent, real-time narrative source; and it classifies financial distress on a relatively fine scale, rather than treating it as a 0-1 variable. The authors find that output declines following financial crises in modern advanced countries are highly variable, on average only

moderate, and often temporary. One important driver of the variation in outcomes across crises appears to be the severity and persistence of the financial distress itself.

Articles in reviews/in books

Core Topics

Emerging bond markets: No longer the next frontier (2014)
Herrera-Pol Doris - World Bank

Abstract: Today, investors can easily buy bonds issued in a variety of emerging market (EM) currencies and choose from a broad selection of issuers. Over the last three years, for example, investors could buy World Bank bonds denominated in some 20 different EM currencies. More investors are buying local currency government bonds as well. Even retail investors in some countries have embraced the variety of EM currencies offered – although the 'flavour of the month' has changed along the way. This was not always the case and, although it is a fairly new phenomenon, it is here to stay. Emerging bond markets are no longer the next frontier.

Public Debt in Macroeconomic Analysis

Growth-Debt Nexus: An Examination of Public Debt Levels and Debt Crisis in Zimbabwe (2015)
Bonga Wellington Garikai – Independent; Chirowa Frank – Independent; Nyamapfeni Joseph - University of South Australia

Abstract: Government debt is an indirect debt of the taxpayers, and can be classified as internal or external. Debt crisis is the general term for a proliferation of massive public debt relative to tax revenues. Public debt enables governments to invest in critical areas of the economy where the capacity of tax revenue to undertake these projects may be limited or in situations where printing additional money will disrupt the stability of the economy. Government borrows in order defer difficult but necessary reforms such as the imposition of taxes which might be necessary to generate revenue for development. Countries with high public debt tend to grow slowly. The study examines the origin of debt crisis in Zimbabwe, debt nature, causes, consequences and possible ways of reducing the debt. The study uses 1980-2013 data to run an OLS model on economic growth using STATA Econometric Software, in an effort to explore the effect of external debt. The regression results shows that public debt has a negative effect on economic growth in Zimbabwe, which has varying theories prevailing. The study concludes by encouraging the government not to borrow unnecessarily, and to use borrowed funds for investment projects, rather than on consumption expenditure.

Books

Active Debt Management

Issuing International Sovereign Bonds: Opportunities and Challenges for Sub-Sahara Countries (2014)
Mecagni Mauro – IMF; Canales Kriljenk Jorge Ivan – IMF; Gueye Cheikh Anta – IMF; Mu Yibin – IMF; Yabara Masafumi - IMF

Sub-Saharan Africa's access to capital markets is picking up significantly. Easy global financial conditions—low interest rates in advanced economies and low global risk aversion leading to portfolio reallocation in search of risk-adjusted yields and diversification opportunities—are facilitating access of sub-Saharan African countries to international capital markets. First-time or repeated issuance by those countries is also seen by many observers as recognition of sub-Saharan Africa's high return potential, owing to its natural resource wealth and improved macroeconomic policies and development prospects.[...]

Coordination with other policies and operations

Post-Crisis Banking Regulation: Evolution of economic thinking as it happened on Vox (2015)
Danielsson Jon - London School of Economics

Abstract: This eBook collects some of the best Vox columns on financial regulations, starting with the fundamentals of financial regulations, moving on to bank capital and the Basel regulations, and finishing with the wider considerations of the regulatory agenda and the political dimension. Collecting columns from over the past six years, this eBook

maps the evolution of leading thought on banking regulation.

Public Debt in Macroeconomic Analysis

Puzzles of Economic Growth (2015)

Balcerowicz Leszek - Warsaw School of Economics; Rzońca Andrzej - Warsaw School of Economics

Abstract: Looking at the economic growth of seemingly similar countries one can find striking differences. Why has Australia gotten so much ahead of New Zealand, in spite of the latter being held up as a paragon of free market reform? How is it possible that Austria, with its persistently oversized state enterprise sector, has managed to (nearly) catch up with Switzerland? How can we account for the differences in economic growth between Estonia and Slovenia, and which of these two countries has been more successful at systemic transformation? Why is Mexico so much poorer than Spain, despite having been wealthier all the way into the 1960s? Why has Venezuela, which in 1950 had a per capita income higher than that of Norway and remains a major exporter of oil, slipped behind Chile? Why is Costa Rica lagging behind Puerto Rico, even though in the 1970s the U.S. territory's fast development slowed to a crawl and is now far below other comparable island economies? Why has 'communist' China outstripped 'capitalist' India? Why has Pakistan's growth lagged behind that of Indonesia, even though the latter suffered one of the deepest crises in world economic history in the years 1997-98? Why, even before the 2010 earthquake, the Dominican Republic has been visited by several dozen times more tourists than Haiti, despite being situated on the same island? This book strives to answer these (and many other) questions. They are all part of a broader question that the authors wish to address: how do differences in economic growth arise?

Web Resources

Core Topics in Debt Management

Meeting of the Financial Stability Board in Frankfurt on 26 March 2015

Financial Stability Board

The FSB discussed issues related to implementation, home–host, proportionality and sequencing raised by emerging market and developing economies (EMDEs) in a Forum held the previous day. These included issues related to Basel III, OTC derivative reforms, resolution, macroprudential policies in emerging markets, concerns about reduced availability of correspondent banking services, and the continued need to make local capital markets deeper and more resilient as well as sovereign debt restructuring processes. The FSB, the standard-setting bodies and international financial institutions will consider how they can best incorporate the issues raised into their work plans.[...]

Primary Market

World Bank Launches 1.2 Billion 5-Year Canadian Dollar Global Bond

The World Bank

This is the World Bank's largest CAD transaction to date. It follows the World Bank's previous record-setting CAD 1 billion global bond in May 2014, which at the time was the largest single-tranche deal from a supranational issuer in that market.[..]

World Bank Launches Green Growth Bond 05/2023 For Retail Investors across Europe

World Bank

This product will allow investors to benefit from the growth potential of an equity index while at the same time, support projects with a positive impact on climate change, financed by the World Bank.[..]

World Bank Launches Inaugural 15-Year Euro 600 million Global Bond

The World Bank

The World Bank (IBRD, Aaa/AAA) priced its inaugural 15-year benchmark bond denominated in euro (EUR) today, raising EUR 600 million. This is the first public EUR-denominated benchmark issued by the World Bank this calendar year and the longest maturity ever offered by the World Bank in the public EUR market.

Multilateral Debt

Emerging Trends and Challenges in Official Financing - Paris Club Forum

OECD

Paris Club Forum – "Emerging Trends and Challenges in Official Financing". Closing Remarks by Angel Gurría, Secretary-General, OECD, held in Paris, 20 November 2014.

ECOSOC Special high-level meeting with the World Bank, IMF, WTO and UNCTAD
UNCTAD
Pursuant to ECOSOC resolution 2014/11, the overall theme of the meeting will be "Coherence, coordination and cooperation in the context of financing for sustainable development and the post-2015 development agenda".

Niger: 2014 Article IV Consultation and Fourth and Fifth Reviews Under the Extended Credit Facility Arrangement [...] - IMF Country Report No. 15/63
International Monetary Fund
This 2014 Article IV Consultation highlights that Niger's overall macroeconomic performance has been broadly satisfactory. After the economic slowdown in 2013 owing to the regional security situation and adverse climatic conditions, economic growth has rebounded in 2014. [...]

Nobel economist Joseph Stiglitz backs UNCTAD's work on debt workouts
UNCTAD
A workshop on a multilateral legal framework for debt restructuring processes took place on March 31st 2015, at Columbia University in New York City.

Burundi: Sixth Review Under the Extended Credit Facility Arrangement and Request for Extension and Augmentation of Access-Staff Report; Press Release; and Statement by the Executive Director for Burundi - IMF Country Report No. 15/88
International Monetary Fund
Corrective revenue measures helped keep the program on track and macroeconomic conditions improved in late 2014 following the decline in oil prices. Uncertainties related to the 2015 general elections weigh on the outlook. [...]

Jamaica: Seventh Review Under the Extended Fund Facility and Request for Modification of Performance Criteria-Staff Report; Press Release; and Statement by the Executive Director for Jamaica - IMF Country Report No. 15/95
International Monetary Fund
Recent data point to a gradual pick-up in Jamaican economic activity as the effects of the drought fades. Growth should reach 2 percent in 2015/16, and inflation is projected to fall to an average of 5¼ percent, largely owing to lower fuel prices. The program is on track. [...]

Pakistan: Sixth Review Under the Extended Arrangement and Modification of Performance Criteria-Staff Report; Press Release; and Statement by the Executive Director for Pakistan - IMF Country Report No. 15/96
International Monetary Fund
The Pakistani macroeconomic picture is improving. Real GDP is projected to grow by some 4.3 percent in FY2014/15, driven mainly by the agriculture and construction sectors.1 The plunge in oil prices has reduced the import bill and improved the trade balance, but exports have also weakened due to lower cotton prices and the loss of competitiveness from real exchange rate appreciation. [...]

Sierra Leone: Second Review Under the Extended Credit Facility Arrangement and Financing Assurances Review, [...] - IMF Country Report No. 15/76
International Monetary Fund
The Ebola outbreak and sharp drop in iron ore prices have dealt a severe blow to Sierra Leone's economy. The Ebola epidemic, which continues to spread albeit at a lower rate than in latter parts of 2014, has exacted a heavy human toll (at least 3000 lives to date) and disrupted much economic activity. [...]

Ukraine: Request for Extended Arrangement Under the Extended Fund Facility and Cancellation of Stand-By Arrangement-Staff Report; Press Release; and Statement by the Executive Director for Ukraine - IMF Country Report No. 15/69
International Monetary Fund
This paper discusses Ukraine's Request for Extended Arrangement Under the Extended Fund Facility (EFF) and Cancellation of Stand-by Arrangement (SBA). Despite tangible progress under the SBA, the crisis in Ukraine has increased its balance of payments and adjustment needs beyond what can be achieved under the current program. [...]

Developing Domestic Bond Markets

Asia Bond Monitor, March 2015
Asia Bond Online

Emerging East Asia's local currency bond markets are broadly holding up well, but widening credit spreads, a stronger United States dollar, Greece's debt crisis, and plunging oil prices pose risks to the region's bond markets, says the Asian Development Bank's (ADB) latest Asia Bond Monitor.

Legal Issues and Conventions

Basel III Monitoring Report (Update)

BIS

To assess the impact of the Basel III framework on banks, the Basel Committee on Banking Supervision monitors the effects and dynamics of the reforms. For this purpose, a semiannual monitoring framework has been set up on the risk-based capital ratio, the leverage ratio, and the liquidity metrics using data collected by national supervisors on a representative sample of institutions in each country.[...]

Insolvency Law, Restructuring Law and Modern Financial Markets

London School of Economics & Political Science (LSE)

The finance market has undergone rapid change in developed Western economies in the last decade. In much of Europe the concentrated finance market in which a small group of banks controlled the flow of finance to large and small companies has given way to a dispersed creditor economy. In both Europe and the US there has been an explosion of secured credit and the market for buying and selling debt of distressed companies has matured so that those holding the debt of a financially distressed company will, in many cases, not be the lenders who originally advanced the funds.

Risk Management Models

CPMI-IOSCO Begins Review of Stress Testing by Central Counterparties

BIS

The Committee on Payments and Market Infrastructures (CPMI) and the International Organization of Securities Commissions (IOSCO) announced today that they are undertaking a review of stress testing by central counterparties (CCPs).[...]

Derivatives

Margin requirements for non-centrally cleared derivatives (Update)

BIS

This document presents the final policy framework that establishes minimum standards for margin requirements for non-centrally cleared derivatives as agreed by the Basel Committee on Banking Supervision (BCBS) and the International Organization of Securities Commissions (IOSCO). This final framework was developed in consultation with the Committee on Payment and Settlement Systems (CPSS) and the Committee on the Global Financial System (CGFS).[...]

ISDA Minimum Considerations for Uncleared Margin-Future State Workflow - March 31, 2015

Isda

The document puts forth considerations for the end to end process changes needed from an Operations, Technology and Business perspective to support the implementation of the WGMR final framework. The MCD 2.0 compliments the earlier version published on November 7th and is inclusive of proposed CFTC and US PR rules

Accounting, Transparency and Accountability

ECB staff macroeconomic projections for the euro area, March 2015

European Central Bank

The economic recovery showed some gradual improvement in the second half of 2014 and, looking ahead, several factors are projected to strengthen euro area activity. [...]

International Debt Statistics 2015

The World Bank

International Debt Statistics (IDS) 2015 is a continuation of the World Bank's Global Development Finance publication, Volume II (1997 through 2009) and the earlier World Debt Tables (1973 through 1996). IDS 2015 provides statistical tables showing the external debt of 128 developing countries that report public and publicly guaranteed external debt to the World Bank's Debtor Reporting System (DRS). It also includes tables of key debt ratios for individual reporting countries and the composition of external debt stocks and flows for individual reporting countries and regional and income groups along with some graphical presentations. […]

African Central Government Debt 2014

Oecd

This publication provides comprehensive and consistent information on African central government debt statistics for the period 2003-2013. Detailed quantitative information on central government debt instruments is provided for 17 countries to meet the requirements of debt managers, other financial policy makers and market analysts. A cross country overview on African debt management policies and country policy notes provides background information on debt issuance as well as on the institutional and regulatory framework governing debt management policy.

Main Economic Indicators, Volume 2015 Issue 3

Oecd

The monthly Main Economic Indicators (MEI) presents comparative statistics that provide an overview of recent international economic developments for the 34 OECD countries, the euro zone and a number of non-member economies.

DMOs Programmes and Reports

Debt Management Strategy 2015-16

Canadian Ministry of Finance

The Debt Management Strategy sets out the Government of Canada's objectives, strategy and plans for the management of its domestic and foreign debt, other financial liabilities and related assets. Borrowing activities support the ongoing refinancing of government debt coming to maturity and the financial operations of the Government. This includes investing in financial assets needed to establish a prudent liquidity position and borrowing on behalf of certain Crown corporations.

Review 2014 - 2015 Outlook

Belgian Debt Agency

The Belgian Debt Agency presents its 2014 Review – 2015 Outlook.

It highlights the funding and debt management strategy for 2015 and gives an overview of the strategy that has been followed throughout 2014.

Coordination with other policies and operations

BIS Quarterly Review, March 2015

BIS

Largely unexpected, a wave of monetary policy easing over the past few months has taken centre stage in global financial markets. Amid plunging oil prices and rising foreign exchange tensions, a large number of central banks from both advanced and emerging market economies have provided further stimulus.[...]

Global Monitoring Report 2014/2015 : Ending Poverty and Sharing Prosperity

The World Bank

The Global Monitoring Report 2014/2015 will, for the first time, monitor and report on the World Bank Group's twin goals of ending extreme poverty by 2030 and boosting shared prosperity, while continuing to track progress toward the Millennium Development Goals (MDGs). This Global Monitoring Report examines how a select set of policies in the areas of human capital and the environment can create jobs and make development more inclusive and sustainable, while highlighting how social assistance policies can help end poverty and improve growth prospects. It discusses most of these issues across a full spectrum of countries. […]

India: 2015 Article IV Consultation-Staff Report; Press Release; and Statement by the Executive Director for India - IMF Country Report No. 15/61

International Monetary Fund

This 2015 Article IV Consultation highlights that India's near-term growth outlook has improved, and the balance of risks is now more favorable, helped by increased political certainty, several positive policy actions, improved business confidence, and reduced external vulnerabilities.[...]

Maldives: 2014 Article IV Consultation-Staff Report; Press Release; and Statement by the Executive Director for the Maldives - IMF Country Report No. 15/68

International Monetary Fund

This 2014 Article IV Consultation highlights that Maldives' real economy has picked up. Growth is estimated to have reached 5 percent in 2014 with stronger tourism activity driven by a rapid expansion from Asian markets and a tepid recovery from Europe. [...]

Belgium: 2015 Article IV Consultation-Staff Report; and Press Release - IMF Country Report No. 15/70

International Monetary Fund
The Belgian economy has shown considerable resilience but the outlook is weighed down by weak demand in Europe. Healthy private balance sheets, integration with Germany, and employment support schemes have helped sustain employment and economic activity. [...]

Central and Eastern Europe: New Member States (NMS) Policy Forum, 2014, Selected Issues Paper - IMF Country Report No. 15/98
International Monetary Fund
The euro area crisis has reduced some attractions associated with joining the euro. While countries adopting the euro in the 2000s benefited from a sizeable premium as regards investors' perception of credit risk, this premium has mostly vanished with the euro crisis. This said, euro adoption continues to hold advantages for highly euroised economies. [...]

Hungary: 2015 Article IV Consultation-Staff Report; Press Release; and Statement by the Executive Director for Hungary - IMF Country Report No. 15/92
International Monetary Fund
The Hungarian economy is recovering steadily helped by supportive macroeconomic policies and improved market sentiment. There has been a welcome decline in vulnerabilities but debt levels remain elevated, leaving the economy prone to shocks, and medium-term growth prospects appear subdued. [...]

Iceland: 2014 Article IV Consultation and Fifth Post-Program Monitoring Discussions-Staff Report; Press Release; and Statement by the Executive Director for Iceland - IMF Country Report No. 15/72
International Monetary Fund
Iceland has reached a relatively strong macroeconomic position with good growth prospects. But crisis legacies are still being unwound, including high debt and a large balance of payments (BOP) overhang contained by capital controls. [...]

Indonesia: 2014 Article IV Consultation-Staff Report; Press Release; and Statement by the Executive Director for Indonesia -IMF Country Report No. 15/74
International Monetary Fund
Indonesia has strengthened policy and reserve buffers since mid 2013, in the face of global headwinds from the commodity down-cycle and episodes of volatility affecting emerging market economies. [...]

Ireland: 2015 Article IV Consultation-Staff Report; Press Release - IMF Country Report No. 15/77
International Monetary Fund
Ireland's recovery has been robust. Growth is estimated at about 5 percent in 2014, although offshore manufacturing of exports appears to have made a significant contribution. [...]

Nigeria: 2014 Article IV Consultation-Staff Report; Press Release; and Statement by the Executive Director for Nigeria - IMF Country Report No. 15/84
International Monetary Fund
Nigeria has a large and diverse economy that has achieved a decade of strong growth, averaging 6.8 percent a year. However, Nigeria still lags peers in critical infrastructure and has high rates of poverty and income inequality. [...]

Qatar: 2015 Article IV Consultation-Staff Report; and Press Release - IMF Country Report No. 15/86
International Monetary Fund
Qatar is implementing an ambitious diversification strategy through a large public investment program, while retaining its systemic role in the global natural gas market. [...]

Republic of San Marino: 2015 Article IV Consultation-Staff Report; Press Release; and Statement by the Executive Director for the Republic of San Marino - IMF Country Report No. 15/94
International Monetary Fund
Over the last half decade, San Marino's economy has managed to weather the implosion of its offshore banking model, the global crisis, and Italy's decision to put San Marino on a tax blacklist. [...]

Romania: 2015 Article IV Consultation-Staff Report; Press Release; and Statement by the Executive Director for Romania - IMF Country Report No. 15/79
International Monetary Fund
This 2015 Article IV Consultation highlights that Romania's economic recovery has become more entrenched and broad based, with private consumption picking up on the back of rising real disposable income. [...]

US macroeconomic and regulatory developments and emerging market economies
BIS

Remarks by Mr Alberto G Musalem, Executive Vice President of the Integrated Policy Analysis Group of the Federal Reserve Bank of New York, at the International Financial Conference Annual Meeting, Cartagena, Colombia, 9 March 2015.

Uruguay: 2014 Article IV Consultation-Staff Report; and Press Release - IMF Country Report No. 15/81
International Monetary Fund
The 2014 consultation focused on four broad themes: confronting inflation, reinforcing fiscal sustainability, safeguarding financial stability, and bolstering strong and inclusive growth for the medium run. [...]

ISDA response on MIFID II/MIFIR consultation
Isda
On March 2, 2015, ISDA submitted its response to the European Securities and Markets Authority's consultation on the revised Markets in Financial Instruments Directive (MIFID II) and Markets in Financial Instruments Regulation (MIFIR).

Monetary Policy

After the minimum exchange rate new monetary policy
BIS
Speech by Mr Fritz Zurbrügg, Member of the Governing Board of the Swiss National Bank, at the Money Market Event, Zurich, 26 March 2015.

Bundesbank conference on debt and financial stability
BIS
Welcome remarks by Dr Jens Weidmann, President of the Deutsche Bundesbank, at the Bundesbank conference on debt and financial stability, Frankfurt am Main, 27 March 2015.

Economic Bulletin - Issue 2 / 2015
European Central Bank
In 2015 the Economic Bulletin replaced the Monthly Bulletin. The Economic Bulletin is published two weeks after the monetary policy meeting of the Governing Council of the ECB. With the Economic Bulletin the ECB meets its legal requirement to publish reports on the activities of the ESCB at least every quarter (as per Article 15.1 of the Statute of the ESCB).

Hearing at the Committee on Economic and Monetary Affairs of the European Parliament
BIS
Introductory statement by Mr Mario Draghi, President of the European Central Bank, before the Hearing at the Committee on Economic and Monetary Affairs of the European Parliament, Brussels, 23 March 2015.

Quantitative and qualitative monetary easing theory and practice
BIS
Speech by Mr Haruhiko Kuroda, Governor of the Bank of Japan, at the Foreign Correspondents' Club of Japan, Tokyo, 20 March 2015.

Challenges for Emerging Economies' Central Banks in the Face of Quantitative Easing in Advanced Economies
The Peterson Institute for International Economics
Dr. Agustín Carstens, governor of the Bank of Mexico and newly elected chairman of the International Monetary and Financial Committee (IMFC), delivered the Institute's 15th annual Stavros Niarchos Foundation Lecture on April 20, 2015.

How did the ECB save the Eurozone without spending a single euro?
VOX
Recent debt crises have brought the fragility of the Eurozone into focus. It has been argued that members are vulnerable to sudden changes in market sentiment. This column examines how debt markets reacted to an ECB announcement that it would serve as a lender of last resort, finding that recent debt crises have strong self-fulfilling dynamics.

Fiscal policy and Budget Management

Romania: Fiscal Transparency Evaluation - IMF Country Report No. 15/67
International Monetary Fund

The paper discusses recommendations made in a fiscal transparency evaluation report for Romania. Seven recommendations are made to improve the level of information available to decision makers and the public. The report recommends reducing fragmentation of existing fiscal reporting and expanding the institutional coverage to include the wider public sector.[...]

Call for papers: Conference on "Global Financial Interconnectedness"
BIS
Prompted by new insights from network theory and the experience of the global financial crisis, and guided by the need to safeguard monetary and financial stability, central banks and supervisory bodies are developing new models and tools to enhance their understanding of financial interconnectedness.[...]

Hungary: Selected Issues Paper - IMF Country Report No. 15/93
International Monetary Fund
Putting Hungary's public debt ratio firmly on a downward path is a key policy objective. At just below 77 percent of GDP at end-2014, Hungary's public debt ratio is among the highest in the region, and along with the associated high financing needs, it represents a key vulnerability to the Hungarian economy. [...]

Public Debt in Macroeconomic Analysis

Call for papers for the 4th Annual EBA Research Workshop
EBA
The European Banking Authority (EBA) launches today a call for research papers in view of its fourth policy research workshop taking place on 18-19 November 2015 in London on the topic 'Financial regulation and the real economy: a micro-prudential perspective. The workshop aims at bringing together economists from national supervisory authorities and leading academics to stimulate the discussion on how regulation influences and acts on real economy in a consistent manner and from a micro-prudential perspective.[…]

Having Fiscal Space and Using It
The World Bank
The global economy is still struggling to gain momentum as many high-income countries continue to grapple with legacies of the global financial crisis and emerging economies are less dynamic than in the past.

OECD Economic Surveys: Indonesia 2015
Oecd
This OECD Economic Survey of Indonesia examines recent economic developments, policies and prospects. Special chapters cover inclusive and sustainable growth; and natural resources.

Economic Outlook for Southeast Asia, China and India 2015
Oecd
The Economic Outlook for Southeast Asia, China and India is an annual publication on Asia's regional economic growth, development and regional integration process.

OECD Economic Surveys: China 2015
BIS
This OECD Economic Survey of China examines recent economic developments, policies and prospects. Special chapters cover skills and education as well as rural development.[...]

Network News

From January 2011 the "Network News" section is present also in the *Public area* of the Network's website. The Partners can find *daily news* (18.381 items inserted by the Secretariat since January 2011) extracted from best online newspapers and info providers and classified by geographical areas.

Annual Reports & Guidelines go to the "*Information Corner*" on www.publicdebtnet.org

Events and Courses

Newly uploaded

13 April 2015 - web-based
Fundamentals of Capital Market Development and Regulation (2015)

15 April 2015 - Auditorium Ivan Pictet,Geneva
IMF/CFD conference: Financing for Development

16 April 2015 - World Bank Headquarters
Aligning the Financial System with Sustainable Development

20 April 2015 - web-based
Economics of the Public Sector (2015)

20 April 2015 - web-based
Managing Public Finance: Internal and External Controls (2015)

21 April 2015 - Cumberland Lodge, Windsor UK
Financial Stability: Designing and Implementing Macroprudential Policy

21 April 2015 - Cumberland Lodge, Windsor UK
Strategic Planning and Change Management for Central Banks

28 April 2015 - Cumberland Lodge, Windsor UK
AML/CFT: Implementing a Risk-Based Framework

29 April 2014 - Cumberland Lodge, Windsor, UK
Financial Stability: Designing and Implementing Macroprudential Policy

02 May 2015 - Baku
ADB Annual Meeting
04 May 2015 - Free online course
Debt Sustainability and Medium-Term Debt Management Strategy

04 May 2015 - Washington, DC
The 12th Overview Course of Financial Sector Issues: Building Financial Sectors that Support Development

05 May 2015 - Bogota, Colombia.
Regulating and Monitoring Systemically Important Banks and Non-bank Financial Institutions

07 May 2015 - Global Financial Center, NY - New York
ISDA Symposium - EMIR Compliance Update

08 May 2015 - Global Financial Center, NY - New York
ISDA Symposium - 2006 ISDA Definitions

11 May 2015 - London, UK
Executive Program on Country and Sovereign Risk Management

14 May 2015 - Bogota, Colombia
Risk Management under scenarios of low expected returns and high uncertainty

25 May 2015 - Mexico City, Mexico
Joint Regional Workshop on the Debt Sustainability Framework for Low Income Countries

02 June 2015 - Global Financial Center, NY - New York
Global Reporting Requirements - Implementation in the US and Internationally

03 June 2015 - Manila, Philippines
Debt Management in a Dynamic World: Coping with Capital Flows and Hidden Risks

03 June 2015 - One Bishops Square, London
Understanding Collateral Arrangements and the ISDA Credit Support Documents Conference

03-04 June 2015 - Manila, Philippines
Debt Management in a Dynamic World: Coping with Capital Flows and Hidden Risks

18 June 2015 - Madrid
Structural reforms in the wake of recovery: Where do we stand?

13 July 2015 - Addis Ababa, Ethiopia
Third International Conference on Financing for Development

17 August 2015 - United Kingdom
Debt Sustainability & Risk Management

31 August 2015 - United Arab Emirates
Programme & Performance Budgeting

01 October 2015 - Bank for International Settlements, Basel, Switzerland
Conference on "Global Financial Interconnectedness" [Call for Papers]

18 November 2015 - London UK
4th Annual EBA Research Workshop: Financial regulation and the real economy: a micro-prudential perspective [Call for Papers]

Previously signaled

29 April 2015 - Nederlandse Vereniging van Banken - Gustav Mahlerplein 29-35, 1082 MS Amsterdam - The Netherlands
ICMA Asset Management and Investors Council (AMIC) Conference

05 May 2015 - Copenhagen, Denmark
Eurodad-IBIS 2015 International Conference on Financing for Development

06 May 2015 - Deutsche Nationalbibliothek (German National Library) Adickesallee 1 - 60322 Frankfurt am Main - Germany
The ICMA CBIC & The Covered Bond Report Conference

11 May 2015 - United Kingdom
Financial Management of Development Projects

1-5 June 2015; Vienna, Austria
Workshop: Designing Government Debt Management Strategies

03 June 2015 - Hotel Okura Amsterdam - Ferdinand Bolstraat 333 - 1072 LH Amsterdam, The Netherlands
ICMA Annual General Meeting & Conference 2015

8 June 2015; United Kingdom
Risk-Based Internal Auditing

8-12 June 2015; Vienna, Austria.
Workshop: Implementing Government Debt Management Strategies

17 June 2015 - International Capital Market Association (ICMA) Limited - 23 College Hill - London
European Regulation: An Introduction for Capital Market Practitioners

18-19 June 2015; New York
Improving Capital Deployment through Risk Transparency

06 July 2015 - United Kingdom
Public Financial Management: Issues & Solutions

Communication Corner

At the link below, Partners can find details on the *Philippines* study visit held on February 2014 at the Italian Ministry of Economy and Finance premises.

http://www.publicdebtnet.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.

Some figures

On 23rd April 2015, the number of total resources of the PDM Network website is 23.736 (of which 18.381 news, 2.761 papers and articles in reviews and books, and 2.334 webresources). Registered Members are 805, coming from 117 countries. 442 Partners belong to sovereign debt management institutions of emerging and advanced countries. This newsletter is sent to 584 Partners.

Special thanks

The PDM Network Secretariat is grateful to Stelios Leonidou (Cypriot MoF) and Peter K. Koech (Central Bank of Kenya), for their resource contribution.

Participating Institutions in the PDM Network

OECD

Australian OFM, Austrian DMA, Belgian DMA, Belgian Central Bank, Canadian Foreign Affairs and International Trade, Canadian Government, Chilean Central Bank, Chilean MOF, 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 Finance Agency, 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 Development Co-operation Office, Italian Ministry of Foreign Affairs, Italian MoF, Italian Senate, 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, US Treasury, UK Central Bank, UK DMO, UK Treasury.

Non-OECD
Afghan Mof, Albanian Mof, Angolan National Bank, argentine Central Bank, Argentine MoF, Bangladeshi MoF,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, Cypriot Central Bank, Cypriot 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, Jordanian Central bank, Kenyan Central Bank, Kenyan MoF, , Latvian DMO, Lebanese MoF, Lesotho Central Bank, Lesotho MoF, Lithuanian MoF, Republic of Macedonia MoF, Malawian Reserve Bank, Maldives MoF, Maltese Treasury, Maltese Central Bank, Mauritius Ministry of Finance and Economic Development, Moldovan MoF, Moldovan Court of Accounts, Moroccan MoF, Mozambique Ministry of finance, National Analytical Centre of the Government of Kazakhstan, Nicaraguans Ministry of Finance and Public Credit, Nigerian DMO, State Bank of Pakistan, Pakistani MoF, Papua New Guinean Treasury, Paraguayan Ministry of Finance, Philippine Bureau of the Treasury, Romanian MoF, Romanian Central Bank, Romanian Court of Accounts, Rwandan MoF, Sain Kitts & Nevis MoF, Santa Lucia Ministry of Finance Economic Affairs and National Development, Serbian Mof, Singaporean MoF, Solomon Island Central Bank, Solomon Islands MoF, South African National Treasury, South Korean MoF, Bank Of Korea, Sri Lanka Central Bank, Swaziland's MoF, Tanzanian MoF, Thai Central Bank, Thai Mof, The People's Bank of China, Ugandan Central Bank, United Arab Emirates MoF and Central Bank, Uruguayan MoF, Vietnamese Mof, Zimbabwean DMO.

Multilateral Institutions
ADB-Asian Development Bank, African Development Bank Group, African Forum and Network on Debt and Development (Afrodad), Asian Development Bank Institute, CEF-Center of Excellence in Finance, Commonwealth Secretariat, Debt Relief International, European Bank EBRD, European Central Bank, European Commission, Inter-American Development Bank (IADB), International Monetary Fund (IMF), International Finance Corporation (IFC), International Monetary Fund (IMF), MEFMI, OECD, West African Institute for Financial and Economic Management (WAIFEM), World Bank, United Nations Conference on Trade and Development (UNCTAD).

Universities
Columbia University, CRIEP (Italy), Duke University's Fuqua School of Business, Harvard University, Harvard Business School, Johns Hopkins University, London Business School, Mays Business School at Texas A&M University, National Chengchi University, National University of Science and Technology, Norwegian School of Economics and Business Administration, Stanford University, The George Washington University, University "Dunarea de Jos" Galati – Romania, University of Bologna, University of Brussels, University of California, University of Chicago, University of Colorado, University of London Birkbeck, University of Maryland, University of Milan, University of Molise, University of Padua, University of Rome "La Sapienza", University of Rome "Tor Vergata", University of Tokyo, University of Tuzla, University of Vienna, University of Viterbo "La Tuscia".

Other Institutions
Afrifocus Securities; Association for Financial Markets in Europe (AFME), Barclays Capital, BE Berlin Economics GmbH, Belgrade Banking Academy, Business Monitor International Limited, Cass Business School, CCM - Carolina Capital Markets, Centre for Planning and Economic Research, Crown Agents, CfC Stanbic Bank, Colchester Global Investors, Comitè de Inversiones Extranjeras, Concorde Capital, Devfin Advisers AB, DIFC-Dubai International Financial Centre, Digital Bridge Institute, Econviews, Euromoney, Exchange Data International Limited, Finance for Development-FMO, FTI, HSBC, International Capital Market Association (ICMA), International Social-Economic Development for Africa (ISEDA), Institut d’Anàlisi Econòmica (CSIC), Japan Bank for International Cooperation, JCVP Consulting, Johannesburg Stock Exchange Limited (JSE), KFW Bankengruppe, Korea Bond Pricing, Linus Capital, MAK Azerbaijan Ltd, Mckinsey & Company, Inc. International, Michele Robinson Consult, Morgan Stanley, NEDBANK, Newstate Partners LLP, Oxford Policy Management (OPM), Pragma Corporation, Public Debt Finance, Reykjavik Academy, Századvég Economic Research, Sifma-Epda, Storkey & Co. Ltd., The ONE Campaign, Tudor Investment Corporation, United Bank For Africa (UBA) PLC., U.S. Agency for International Development (USAID).