

Short Course on Sovereign Debt

Banco Central de Chile

Instructor: Mark Aguiar

This will be a short course that covers the economics of sovereign debt broadly defined. The focus is on environments in which lack of enforcement (limited commitment) is the primary friction. I will cover, with a less technical approach, portions of *The Economics of Sovereign Debt and Default* (with Manuel Amador), Princeton University Press 2021, henceforth AA2022. For those who want to dig deeper, that book has many references to the literature.

Course Outline

1. Class One (Monday July, 31st)
 - (a) 9.00 - 9.30: accreditation
 - (b) 9.30 - 11.00: Empirical Facts (AA Chapter 1)
 - (c) 11.00 - 11.30: Coffee Break
 - (c) 11.30 - 13.00: Risk Sharing Under Limited Commitment (AA Chapter 2)
2. Class Two (Tuesday August, 1)
 - (a) 9.00 - 9.30: accreditation
 - (b) 9.30 - 11.00: Incomplete Markets (AA Chapter 4)
 - (c) 11.00 - 11.30: Coffee Break
 - (c) 11.30 - 13.00: The Basic One-Period Debt Model (AA Chapter 5)
3. Class Three (Thursday August, 3)
 - (a) 9.00 - 9.30: accreditation
 - (b) 9.30 - 11.00: Self-Fulfilling Debt Crises (AA Chapter 6)
 - (c) 11.00 - 11.30: Coffee Break
 - (c) 11.30 - 13.00: Long-Maturity Bonds (AA Chapter 7)