

Course Syllabus

Course	Sovereign Crisis Management in the Euro Area
Lecturer(s)	Prof. Aitor Erce
Course Description	Describe the development of the safety net for sovereigns in the euro area and discuss how it might develop in the future, with a focus on the issue of sovereign debt restructuring
Primary References and Additional Materials	See course references
Course Objectives	Become familiar with the institutional and economic dynamics of official lending and debt restructuring in the euro area, as well as with the potential evolution it will experience in the near future.
Prerequisite(s)	
Teaching Method(s)	Standards classes and discussions about pre-agreed relevant papers
Assessment Method(s) and Grading Policy	Preparation of a small piece relating to the contents of the course

EXTENDED COURSE PLAN & REFERENCES		
<i>*Lecture Duration:3 hours</i>		
Lecture 1	<i>Topic</i>	<p>Understanding Sovereign Risk</p> <ul style="list-style-type: none"> ○ How do sovereign borrowers get into trouble? ○ Macroeconomic implications of sovereign risk <p>A Historical Overview of Sovereign Crises</p> <p>Dealing with Sovereign Crises – Building Blocks</p> <ul style="list-style-type: none"> ○ Policy adjustment – internal and external devaluation

		<ul style="list-style-type: none"> ○ Official lending ○ Debt restructuring – law and economics <ul style="list-style-type: none"> ▪ Restructuring approaches and their effects ▪ Contractual provisions
	<i>References</i>	<p>Panizza, U., Sturzenegger, F. and J. Zettelmeyer (2009). The Economics and Law of Sovereign Debt and Defaults. <i>Journal of Economic Literature</i>, 47 (3), pp. 651–698.</p> <p>Buchheit, L., Chabert, G., DeLong, C., and J. Zettelmeyer (2019). How to Restructure Sovereign Debt: Lessons from Four Decades. Peterson Institute for International Economics, Working Paper 19-8.</p>
Lecture 2	<i>Topic</i>	<p style="text-align: center;">Dealing with Sovereign Crises - The Euro Area Approach</p> <ul style="list-style-type: none"> ○ Policy adjustment – Monetary union considerations ○ Official lending – The European Stability Mechanism ○ Debt restructuring: Greece (2012) vs Cyprus (2013) <ul style="list-style-type: none"> ▪ The domestic side of sovereign debt ▪ The role of collective action clauses
	<i>References</i>	<p>Corsetti, G., Erce, A., and Uy, T. (2017). Official sector lending strategies during the euro area crisis. CEPR Discussion Paper No. 12228.</p>
Lecture 3	<i>Topic</i>	<p style="text-align: center;">A Future Euro Area Sovereign Crisis Resolution Framework</p> <ul style="list-style-type: none"> • A different division of labour? Implications for the European Commission and the European Central Bank of a reform of the crisis resolution framework • The future of debt restructuring <p style="text-align: center;">Implications for Italy</p>
	<i>References</i>	<p>Buchheit, L. C., and Gulati, G. M. (2018). Sovereign debt restructuring in Europe. <i>Global Policy</i>, 9(S1), 65-69.</p>

