JOURNAL ARTICLE

Sargent-Wallace Meets Krugman-Flood-Garber, or: Why Sovereign Debt Swaps do not Avert Macroeconomic Crises

Get access

Joshua Aizenman, Kenneth M. Kletzer, Brian Pinto

The Economic Journal, Volume 115, Issue 503, April 2005, Pages 343–367,
https://doi.org/10.1111/j.1468-0297.2005.00992.x

Published: 04 April 2005 **Article history** ▾

Abstract

This paper argues that the frequent failure of the debt swaps follows from fundamental forces driven by the market's assessment of the scarcity of fiscal revenue relative to the demand for fiscal outlays. As a country approaches the range of partial default, swaps may not provide the expected breathing room and could even bring the crisis forward. Our methodology combines three independent themes: exchange rate crises as the manifestation of excessive monetary injections, the fiscal theory of inflation and sovereign debt. The integrated framework derives devaluation and external debt repudiation as part of a public-finance optimising problem.

Issue Section: Articles

- Sign in with email/username & password
- Get email alerts
- Save searches
- Purchase content
- Activate your purchase/trial code
- Add your ORCID iD

Sign in

Register

Sign in through your institution

Sign in through your institution

Sign in with a library card

Sign in with username/password

Recommend to your librarian

Institutional account management

Sign in as administrator

Purchase

Subscription prices and ordering for this journal

Purchasing options for books and journals across Oxford Academic

Short-term Access

To purchase short-term access, please sign in to your personal account above.

Don't already have a personal account? Register

Sargent-Wallace Meets Krugman-Flood-Garber, or: Why Sovereign Debt Swaps do not Avert Macroeconomic Crises - 24 Hours access

EUR €53.00 GBP £44.00 USD $58.00

Rental

Read this now at deepdyve

This article is also available for rental through DeepDyve.