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EDUCATION

Ph.D. Economics, University of Maryland, College Park MD, expected May 2012

B.A. Economics (with honors), Universidad del CEMA, Buenos Aires, 2006

DISSERTATION

A Study of Debt and Financial Markets during a Period of Financial Repression

Committee: Prof. Carmen Reinhart (Co-Chair), Prof. Carlos Végh (Co-Chair), Prof. Anton Korinek

FIELDS OF SPECIALIZATION

Primary field: International Finance

Secondary field: Political Economy

PAPERS

“Debt and Inflation during a Period of Financial Repression” (Job Market Paper)

Presentations: Cornell University, University of Notre Dame, Bank for International Settlements, University of Melbourne, Reserve Bank of Australia, Macquarie University, Monash University.

“The Liquidation of Government Debt” (with Carmen M. Reinhart), *NBER Working Paper 16893*, March 2011

Presentations: International Monetary Fund

Media coverage: *The Economist*, *Financial Times*, *Wall Street Journal*

“Financial Repression Redux,” *Finance and Development*, June 2011, pp. 23-27 (with Carmen M. Reinhart and Jacob F. Kirkegaard) [Invited]

RESEARCH IN PROGRESS

“Can Indexed Debt be Inflated Away? Evidence from Argentina and Brazil”

“Political Budget Cycles, and Domestic and External Debt Default”

“International Reserve Accumulation and Industrial Policy in China”

TEACHING EXPERIENCE

Instructor, Financial Markets and the Macroeconomy, University of Maryland, Summer 2009.

Teaching Assistant for Prof. H. Terrell, Principles of Macroeconomics, University of Maryland, Spring 2008, Fall 2008, Spring 2009.

Teaching Assistant for Prof. H. Terrell, Principles of Microeconomics, University of Maryland, Fall 2007.

RESEARCH EXPERIENCE

Research Assistant for Prof. Carmen M. Reinhart, University of Maryland, Jun 2009 – present.

Research Assistant for Prof. Adrian C. Guissarri, Universidad del CEMA, Jan – Sep 2006.

Research Assistant for Prof. Jorge Streb, Universidad del CEMA, Jun – Dec 2005.

REFERENCES

Dr. Carmen M. Reinhart Peterson Institute for International Economics 1750 Massachusetts Avenue Washington, DC 20036 Phone: (202) 328-9000 Email: creinhart@piie.com	Professor Carlos A. Végh Department of Economics University of Maryland 3105 Tydings Hall College Park, MD 20742 Phone: (301) 405-3546 Email: vegh@econ.umd.edu	Professor Anton Korinek Department of Economics University of Maryland 3105 Tydings Hall College Park, MD 20742 Phone: (301) 405-4536 Email: korinek@econ.umd.edu
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THESIS ABSTRACT

Part I: "Debt and Inflation during a Period of Financial Repression" (Job Market Paper)

The current debt-to-GDP ratios of many advanced economies are at historically high levels, raising questions about how they are going to be reduced. I assess whether domestic debt can be inflated away by looking at the experience of 12 countries after the end of World War II, when debt levels were also high. The countries in the sample are mainly advanced economies with histories of relatively low inflation. I find that inflation played an important role in reducing government debt, generating average revenues for the government of between two and three percent of GDP. The incidence of the effect is primarily explained by the presence of financial repression keeping interest rates at low levels, rather than unanticipated inflation or changes in the market value of debt. I also examine how financial repression affected the relative returns of financial assets over this period. The results suggest that some of the equity premium during this period, which was over eight percentage points, can be explained by the abnormally low returns in the market for government bonds.

Part II: "The Liquidation of Government Debt" (with Carmen M. Reinhart)

Historically, periods of high indebtedness have been associated with a rising incidence of default or restructuring of public and private debts. A subtle type of debt restructuring takes the form of "financial repression." Financial repression includes directed lending to government by captive domestic audiences (such as pension funds), explicit or implicit caps on interest rates, regulation of cross-border capital movements, and (generally) a tighter connection between government and banks. In the heavily regulated financial markets of the Bretton Woods system, several restrictions facilitated a sharp and rapid reduction in public debt/GDP ratios from the late 1940s to the 1970s. Low nominal interest rates help reduce debt servicing costs while a high incidence of negative real interest rates liquidates or erodes the real of government debt. Thus, financial repression is most successful in liquidating debts when accompanied by a steady dose of inflation. Inflation need not take market participants entirely by surprise and, in effect, it need not be very high (by historic standards). For the advanced economies in our sample, real interest rates were negative roughly half of the time during 1945-1980. For the United States and the United Kingdom our estimates of the average annual liquidation of debt via negative real interest rates amounted 2-3% of GDP a year. We describe some of regulatory measures and policy actions that characterized the heyday of the financial repression era.

PERSONAL INFORMATION

Citizenship: Argentina, Italy (F-1 Visa)
Gender: Female
Languages: English (fluent), Spanish (native), Italian (intermediate)