My research assesses different external financing sources for economic development, highlighting the sustainability of external debt. A lack of external debt, for certain developing countries, may not allow for the development of needed infrastructure. On the other hand, over-dependence on external debt for both public and private debts may lead to a debt crisis. I show that for resource-rich countries that used their resources as collateral and have borrowed large sums, default risk increased, sometimes leading to a debt crisis.

The obvious implication is that the default probability, and therefore the yield, on sovereign issues will rise, thus increasing borrowing costs. I discuss how external debt might be used as a warning signal in certain situations.

The Petronas Twin Towers in Kuala Lumpur, Malaysia

When? Thursday, May 18, 1-2pm
Where? Namm 601A
Light refreshments will be served.