

Discussion
Managing the UK National Debt 1694-2017
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Taking Fiscal Policy Seriously

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Summary and Contribution

- Extremely relevant topic
- Much attention regarding debt levels but not debt management
- Long-term granular data
- Two parts: Data insights and optimal debt management.
- Plenty of new insights (maturity, fiscal smoothing, composition, etc.)
- Long-term bond issuance is apparently not as preferable as one might think.
- Issuing short bonds would have led to debt being lower by 28% of GDP at end of 2016.

Comments

Long term bonds might have other benefits

There is demand for long-term (government bonds) which in turn might imply positive welfare effects.

- Investors value the liquidity and safety of US Treasuries. (Krishnamurthy and Vissing-Jorgensen JPE 2012)
- It is said that long-term bonds are appropriate for long-term investors who value stability of income. (Campbell and Viviera 1998 NBER)
- Calculating risk free rate.

Comments

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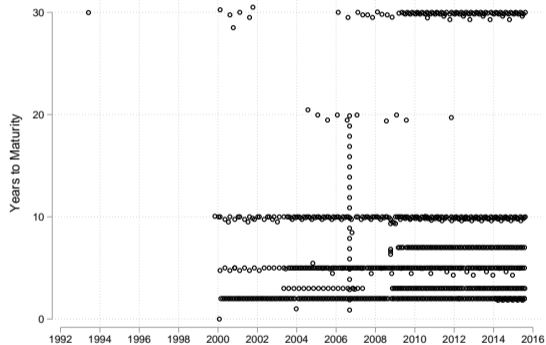
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- Calculating risk free rate.
- Hard to quantify those arguments.

Comments

Match Maturity Composition



UK



USA

Comments

Maturity and the recent Financial/Debt Crisis

country	N	mean
Austria	509	10
Denmark	347	7
France	1,003	11
Germany	384	8
Ireland	210	11
Italy	1,350	9
Netherlands	204	8
Portugal	269	9
Spain	762	10
Switzerland	225	15
United Kingdom	608	19
United States	690	8

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country	N	mean
Austria	56	13
Denmark	90	8
France	261	10
Germany	108	8
Ireland	22	7
Italy	263	8
Netherlands	71	9
Portugal	41	7
Spain	127	8
Switzerland	33	17
United Kingdom	148	19
United States	225	10

Comments

- Long or very long maturity?
- VaR graph stable over time?
- Does oversubscription matter?

Comments

- To sum up: fantastic paper
- IMPACT!