

# Adrien Wicht

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## RESEARCH INTERESTS

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Dynamic Macroeconomics, International Macroeconomics, Sovereign Debt and Defaults, Optimal Contracts.

## REFERENCES

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Ramon Marimon European University Institute <a href="mailto:ramon.marimon@eui.eu">ramon.marimon@eui.eu</a> +39 0554685911	Alexander Monge-Naranjo European University Institute <a href="mailto:alexander.monge-naranjo@eui.eu">alexander.monge-naranjo@eui.eu</a> +39 0554685942	Dirk Krueger University of Pennsylvania <a href="mailto:dkrueger@sas.upenn.edu">dkrueger@sas.upenn.edu</a> +1 2155731424
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## EDUCATION

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- **European University Institute** Florence, IT  
*PhD in Economics*  
*Advisors: Ramon Marimon (1st) and Alexander Monge-Naranjo (2nd).*  
08.19– Current
- **University of Pennsylvania** Philadelphia, US  
*Visiting Scholar*  
*Sponsor: Dirk Krueger.*  
09.21 – 02.22
- **European University Institute** Florence, IT  
*MRes in Economics*  
08.18 – 07.19
- **University of Zurich** Zurich, CH  
*MA in Economics*  
09.15 – 07.17
- **University of Fribourg** Fribourg, CH  
*BA in Economics*  
09.11 – 06.14
- **Collège Sainte-Croix** Fribourg, CH  
*Maturity with Major in Law and Economics*  
08.07 – 07.11

## ADDITIONAL COURSEWORK

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- **Florence School of Banking and Finance** Florence, IT  
*Sovereign Debt Risks*  
*Instructor: Lee Buchheit, Mitu Gulati and Ugo Panizza.*  
23.05.22 – 25.05.22
- **Study Center Gerzensee** Gerzensee, CH  
*An Introduction to Macro-Finance*  
*Instructor: Atif Mian.*  
02.05.22 – 06.05.22
- **University of Pennsylvania** Philadelphia, US  
*International Macroeconomics with Financial Frictions*  
*Instructor: Enrique Mendoza.*  
08.21 – 12.21
- **University of Pennsylvania** Philadelphia, US  
*Topics in Macroeconomic Theory*  
*Instructor: Alessandro Dovis.*  
08.21 – 12.21

## RESEARCH ASSISTANCE

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- **Robert Schuman Center of Advance Studies, European University Institute** Florence, IT  
*Advisor: Ramon Marimon.*  
09.20 – 08.21
  - Development and computation of dynamic macroeconomic models.
  - Data gathering, software programming and calibration.
- **International Policy Analysis Unit, Swiss National Bank** Zurich, CH  
*Head of unit: Alain Gabler.*  
07.17 – 07.18
  - Data processing and analysis.
  - Database management.
  - Involvement in policy-relevant research.

## TEACHING ASSISTANCE

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- **European University Institute (Scheduled)** Florence, IT  
*Instructor: Alexander Monge-Naranjo.* 04.23 – 05.23
  - **Macroeconomics III – Part. 2: Incomplete Markets:** PhD core course
- **European University Institute** Florence, IT  
*Instructor: Ramon Marimon.* 09.22 – 10.22
  - **Advanced Macro Introduction:** PhD elective course
- **European University Institute** Florence, IT  
*Instructor: Ramon Marimon.* 04.20 – 06.20
  - **Macro-Finance and Policy Design:** PhD elective course
- **European University Institute** Florence, IT  
*Instructor: Jesús Bueren.* 01.20 – 03.20
  - **Macroeconomics II:** PhD core course

## CURRENT WORK AND WORKING PAPERS

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- **Efficient Sovereign Debt Management: The Role of History, Maturity, Buyback and Default, 2022:** This paper identifies the role of past history, maturity, buyback and default in the context of constrained efficient sovereign borrowing. I derive a market economy in which a sovereign borrower trades non-contingent bonds of different maturities with a foreign lender. The borrower is relatively impatient and lacks commitment. I show that the market economy cannot implement the Planner's constrained efficient allocation through defaults but instead by changes in maturity and debt buybacks. Moreover, as the lender must enforce those buybacks, the implementation often requires history-dependent strategies. Nevertheless, interpreting the impatient borrower as a short-run player, small perturbations in the payoff of the market participants rule out any other strategies than Markov ones. In this case, the Planner's allocation can only be approximated by the market economy through Markov debt management policies. Developing economies present evidence of such approximation albeit with different policies and outcome.
- **Making Sovereign Debt Safe with a Financial Stability Fund (joint with Yan Liu and Ramon Marimon), 2022:** We develop an optimal design of a Financial Stability Fund that coexists with the international debt market. The sovereign can borrow defaultable bonds on the private international market, while having with the Fund a long-term contingent contract subject to limited enforcement constraints. The Fund contract does not have ex-ante conditionality, but it requires an accurate country-specific risk-assessment (DSA), accounting for the Fund contract. The Fund periodically announces the level of liabilities the country can sustain to achieve this allocation. The Fund is only required minimal absorption of the sovereign debt (nil, if sovereign debt is one-period), but it must provide insurance (Arrow-securities) to the country. The Recursive Competitive Equilibrium is constrained-efficient and, as part of it, the Fund announcement is realized. Furthermore, the seniority of the Fund contract, with respect to the privately held debt, is irrelevant. We calibrate our model to the Italian economy and show it would have had a more efficient path of debt accumulation with the Fund.
- **Seniority and Sovereign Default, 2022:** Sovereign countries do not necessarily repay all its creditors. In fact, one observes a clear pecking order in which official multilateral lenders – i.e. the International Monetary Fund and the World Bank – are given priority in repayment. Yet, this preferred status is a market practice and is not legally binding. This paper documents the implications of this *de facto* seniority structure of sovereign debt. Empirically, I present strong evidence that defaults involving official multilateral lenders are infrequent, last relatively longer and are associated with greater private creditors' losses. To rationalize those findings, I build a model of endogenous defaults and renegotiations. I show that a strict no-lending-into-arrear policy can explain most of the aforementioned empirical facts. In addition, the *de facto* seniority generates important spillovers on other creditors and is a source of fiscal discipline. The borrower values the use of official multilateral debt and would not necessarily prefer other seniority regimes.
- **The Generalized Euler Equation and the Bankruptcy-Sovereign Default Problem (joint with Xavier Mateos-Planas, Sean McCrory and Jose-Victor Rios-Rull), 2022:** This paper characterizes the equilibrium of the standard incomplete markets models with defaults and long-term debt. A risk-averse borrower issues long-term non-contingent bonds but cannot commit to its future selves to repay. We characterize and solve for the Markov equilibrium of the dynamic game with successive borrowers through a Euler equation with derivative on future actions – i.e. a generalized Euler equation. We disentangle the effect due to default and dilution of legacy creditors and show that the price and policy functions exhibit jumps in various places. Taking the limit of finite horizon, we show existence and uniqueness of the Markov equilibrium. We also present conditions under which the price and policy functions are differentiable almost everywhere.

## PUBLISHED WORK

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- **Demographics and the Current Account (joint with Joschka Gerigk and Miriam Rinawi), 2018, Aussenwirtschaft, Vol. 69(1), pp. 45-76:** This paper investigates the relationship between demographics and the current account. We analyze the impact of recent demographic changes and provide a forecast of its future impact. Overall, we find a strong and robust, non-linear demographic effect. In particular, we find a positive association between the current account and the share of a population's prime-age individuals and a negative association with the share of the elderly. Our forecast suggests that, given the dramatically aging population in most industrialized countries, demographics will likely decrease the current account balance in the near future in those countries.

## POLICY PAPERS

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- **Euro Area fiscal policies and capacity in post-pandemic times (joint with Ramon Marimon), 2021:** The main legacy of the post-Covid-19-crisis euro area fiscal framework should be the development of a unique integrated fiscal policy and of a permanent and independent Fiscal Fund to implement it. To arrive at this conclusion, we analyse the challenges and build on current research on the optimal design of a fiscal fund. We characterise the fiscal policy, and the development of the Fund, together with the role and form that the Stability and Growth Pact can take in the new fiscal framework.

## CONFERENCES, SEMINARS AND WORKSHOPS

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- **Society of Economic Dynamics (SED) annual Meeting:** University of Madison-Wisconsin, 28-30.06.22
- **A Dynamic Economic and Monetary Union (ADEMU) Workshop:** BSE Summer Forum, 15-16.06.22
- **5th Interdisciplinary Sovereign Debt Research and Management Conference (DebtCon5):** EUI, Georgetown University, The Graduate Institute of Geneva, Sovereign Debt Forum, 25-26.05.22
- **21st Doctoral Meeting in International Trade, International Macroeconomics and Urban Economics:** Sciences Po Paris, 28-29.04.22
- **Macro Student Talk:** University of Pennsylvania, 17.02.22.
- **Philadelphia Fed Seminar:** Federal Reserve Bank of Philadelphia, 16.02.22.
- **Macro Lunch Seminar:** University of Pennsylvania, 22.10.21.
- **A Dynamic Economic and Monetary Union (ADEMU) Workshop:** European Stability Mechanism, EUI and University of Luxembourg, 08-09.10.20

## AWARDS AND GRANTS

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- Doc Mobility Grant, Swiss National Science Foundation, 09.21-02.22.
- EUI PhD Grant, Swiss Grant-awarding Authority, 2018-2022.
- The Ernst & Young Award, University of Fribourg, Best Bachelor of Arts in Economics, 2014.
- Prix de la Banque Cantonale de Fribourg, Collège Sainte-Croix, Best GPA in Law and Economics section, 2011.
- Prix du Fonds Tesch, Collège Sainte-Croix, Best GPA in the French-speaking section, 2011.

## SKILLS SUMMARY

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- **Languages:** French (native), German (fluent), Swiss German (fluent), English (fluent), Italian (intermediate).
- **Text editors:** Latex, MS Office and Apple applications.
- **Software:** Excel VBA, Fortran, Matlab, MySQL, OpenMP, QGIS, R, Stata.