This is an excellent paper. I do not see any significant problems. Hence, the following are more “possible improvements” than things that need to be fixed. Also, I understand that (at this point) you want me to comment on the paper, not to answer the issues for discussion (which are to be discussed in the broad and global dialogue over the next 6-8 months).

- p. 2, second para., line 2: should it be “twentieth century” instead of “nineteenth century” (as the sentence then continues referring to 1950 (which is in the 20th century); 19th century may still be correct (authors should check).
- p. 2, third para.: the list of three channels is missing multilateral debt. Correct are Paris Club for bilateral debt, and London Club for commercial debt. Reference to “exchange offers (in the case of dispersed bondholders)” is a bit vague. But definitely missing is the past restructuring of multilateral debt (that is sovereign debt owed to multilateral institutions), think of HIPC and especially MDRI.
- p. 2, last paragraph: either instead or in addition to those questions at the end of that paragraph, it would be useful to provide a very short paragraph informing the reader how the remainder of the paper covers and how it is structured.
- p. 3, heading of 2.1: After reading that section, I don’t see that the title “The Euro Zone Crisis and the Economic Dimension of Sovereign Debt Restructuring” is really matching the contents. To better cover the three main issues of that section, it may be better to break it into three sections: one covering the problem of contagion, one on the “holdout creditors” (which is more of a legal issue) and one covering the problem of “too little, too late.”
- p. 3, second para., last line: the wording of “causing the economy to contract as the level of debt-to-GDP rose” is potentially confusing. Replace “as the level of debt-to-GDP rose” with “and the level of debt-to-GDP to rise.”
- p. 4, third para., lines 2-3: the following sentence may need a footnote with the source: the Fund admitted that the Greek restructuring was “too little, too late.”
- p. 4, last two lines: the sentence “reaches a 200 year high-point” may need some documentation.
- p. 7, first paragraph: I understand that you just refer to what advocates of the ad hoc approach say. However, the assessment by Hung Tran (that ad hoc bond restructuring have worked reasonably well) needs a footnote to explain that in addition to Argentina, Ecuador (which had an ad hoc restructuring in 1999) as well as Cote d’Ivoire (which had an ad hoc restructuring in 2000) had repeat defaults in subsequent years. A Moody’s (2012) report states (p. 1) that “Thirty-seven percent of the 30 sovereign distressed exchanges were followed by further default events.” The Moody’s (2012) report also has a heading (p. 3): “Risk of re-default frequently remained high after a distressed exchange.”
- p. 13, footnote 7: Bi, Chamon, and Zettelmeyer (2011) seems to be missing in References.
- p. 21: I don’t think you need footnote 9.
Finally, overall, what seems to be missing a bit is the problem of having the IMF (which might be major creditor) in charge of carrying out a supposedly fair debt workout mechanism. On the other hand, given that it will ultimately be the rich creditor countries who will need to agree to whatever is proposed, they may want to have an institution in charge which they can control."