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Introduction

Sovereign Debt Diplomacies

Pierre Pénét and Juan Flores Zendejas

Every seventh year you shall practice remission of debts [Shmita]. This shall be the nature of the remission: every creditor shall remit the due that he claims from his fellow; he shall not dun [request debt payment from] his fellow or kinsman, for the remission proclaimed is of the Lord.

Deuteronomy 15:1–2

In Jewish scriptures, *Shmita* laws require that all debts be cancelled once every seven sabbatical years, roughly every fifty years. Shmita, literally meaning ‘release’, celebrates ancient Jewish economic policies of debt forgiveness. The social basis of Shmita policy is to proclaim the liberation of forced labour and the surrender of property to give the poor a financial reset opportunity. In ancient times, it was common for subsistence farmers to sell themselves into servitude as a means of paying off debts. Breaking the cycle of debt and indenture was a main focus of Shmita laws.

While the mechanics of the ancient Shmita (most notably, its routine nature) may be foreign to modern sensibilities, the values behind the policy speak directly to an important fact about modern debtor–creditor relations: debt binds debtors and creditors, bringing them into dependency relations (Goodhart & Hudson, 2018). For centuries, debt has been one way for lenders to win social influence and political power. Indebtedness typically creates duties and obligations that can alter the social destiny of debtors. Yet, the entangling nature of debt contracts also affects creditors: after debt is contracted, lenders become to a certain degree obliged to their debtors, and they may develop a financial interest in their survival, even if they do not share their worldviews, or agree with how debtors spend their borrowed funds.

To be sure, debt entanglements are not always controversial. As a rule, debtors repay their debts and financial obligations are simply assumed. In this case, debt

entanglements get ‘forgotten about’, as they remain buried in contractual agreements. But when repayment becomes problematic, because of a changing or uncertain political or financial context, parties rediscover the controversial reality of debt entanglements. Conflicts are waged and creditors and debtors revisit prior agreements in the light of present difficulties. Central to debt disputes is the question of how and whether debt contracts can be unmade and who should bear the cost of breaching promises.

In this book we concentrate on one particular type of debtor–creditor interactions. These are the interactions between sovereign borrowers, namely the governments of a nation state and their state-controlled entities, and international creditors—bondholders, banks, international organizations, and foreign states. According to textbook accounts, nations enter into a contractual agreement with foreign creditors to fund activities which they cannot otherwise finance. But foreign debt is not just about borrowing and lending money, it is also about making allies, projecting power, and exporting norms. More often than not, the pure financial transaction that debt is often understood to be is in fact a more complex and composite object. Sovereign debt creates bonds and interdependencies between creditors and debtors who eventually become part of a constituency of interests organized along financial *and* non-financial dimensions. From contracting to defaulting, the life cycle of sovereign debt has a political complexion: witness how the development of sovereign debt markets over the past centuries has intersected with the rise and fall of colonial regimes, warfare, regime change, and, more generally, the history of diplomatic relations.

Creditor–debtor relations in the sovereign sector evidence processes and problems strikingly similar to those we can observe in the world of personal and corporate debt. In all matters related to debt, one recurring issue is how and whether contracts should be breached when their binding nature undermines the welfare or the very existence of the contracting parties. In the world of personal debt, debtor prisons have ceased to exist in the mid-nineteenth century (Coleman, 1999) and bankruptcy frameworks allow individual debtors to break free from over-indebtedness. Corporations can also reorganize in the shadow of international bankruptcy code (Halliday & Carruthers, 2009). But nothing comparable to an insolvency law exists for the resolution of sovereign debt crises. International bankruptcy rules for sovereigns are the unicorn that regulators and scholars have been chasing since the 1930s but without success. Recent attempts to adopt a comprehensive restructuring mechanism have failed (Setser, 2005). Odious debt, the legal doctrine often cited in civil society circles to justify the cancellation of debt, has only a narrow perimeter and is not nearly the legal solution that could provide a comprehensive framework to regulate sovereign debt disputes (Buchheit, Gulati & Thompson, 2007). In the contemporary world, there is no orderly exit to sovereign debt disputes.

This points to a structural problem: in the absence a transnational framework of debt dispute management, sovereign debt disputes often foster an anarchic system of competing interests and suboptimal outcomes for both creditors and debtors (Stiglitz & Heymann, 2014). There is a striking contrast between the \$22 trillion worth of sovereign bonds outstanding in 2019 and the paucity of rules governing international lending and borrowing. Without formal rules to regulate defaults, creditor–debtor relationships have been unstable and controversial: sovereign debt disputes often produce disorganized tactics on the parts of creditors and debtors to force or block repayment, causing fantastic disruptions in global finance, with distributional effects on the well-being of citizenry, such as in the recent debt restructurings of Argentina (\$82 billion, 2001), Greece (\$138 billion, 2012), and Puerto Rico (\$72 billion, 2016).

I.1 Debts, Defaults, Disputes

This volume is about conflicts and disputes. Sovereign debt disputes are as old as state borrowing itself. How, to what extent, and under what conditions sovereign debt should be repaid are consequential and controversial questions that have concerned a large number of nations from Germany and Greece to Russia, Mexico, and Argentina. The ambition of this book is to take stock of the normative, moral, and political issues raised by debt disputes since the rise of foreign debt markets in early nineteenth century. We should already make clear at this early stage that this volume is not a problem-solving exercise. Volume contributions are mostly devoid of reformatory pretension. And when the authors venture into suggesting reforms to enhance the current sovereign debt regime, it is without assuming that conflicts arising in matters of sovereign debt can be fully erased. Our collective starting point is the observation that the meaning of debt, the sanctity of contracts, and the extent to which debt can and should be repaid have been controversial subjects and will remain so in the years to come. Debt conflicts are inherent to sovereign indebtedness, rather than anomalies that could be cured.

In some sense, this volume picks up where most debt studies leave off; namely, we seek to trace and evaluate the concrete actions that creditors take to defend their interests after their expectations of repayment are compromised. Recent research has greatly expanded our comprehension of the sort of legal and financial precautions that investors take upon lending (Gulati & Scott, 2012). Detailed emphasis on contractual clauses and methods of risk analysis is warranted because they structure expectations of repayment and, without them, there would not be lending at all (Mallard & Sgard, 2016). But one lesson of history is that legal contracts and risk models do not guarantee repayment, far from it. Sovereign debt disputes are akin to events during which, Keynes (1937, p. 215) observed, ‘the practice of calmness and immobility, of certainty and security, suddenly breaks

down' Keynes (Ibid) further noted that during such unsettling events: 'all these pretty, polite techniques, made for a well-panelled Board Room and a nicely regulated market, are liable to collapse.' This volume invites more focused consideration on the range of tactics and methods to extract repayment such as moral suasion, political influence, informal threats, instruments of foreign interference, behind-the-scenes exchanges at international summits, military controls, etc.

Our empirical analysis concentrates on one critical issue on which generations of creditors have reflected, namely: what methods and tactics of debt collection can be deployed when the preferred mechanisms of repayment are no longer available? The history of sovereign debt disputes suggests that debt collection practices have varied greatly in terms of availability, acceptability, and efficacy. Consider Britain's use of military power against Egypt in 1882 to force repayment of defaulted loans. Such display of power could not have possibly occurred against, say, the US states of Virginia and Maryland, which also defaulted on British creditors in the 1840s. Nor could it happen today: defaulters are no longer bombarded and, quite fortunately, captains of gunboats no longer have a say in debt disputes. Consider, alternatively, that actors that were once marginal or insignificant, such as vulture funds and extraterritorial courts, have become key players in recent debt disputes. Finally, witness the great variability in debt dispute outcomes: the stance of forbearance adopted by international creditors towards Germany and Japan after the Second World War looks quite exotic if we bear in mind the drastic conditions recently imposed on Greece by international creditors in exchange of new loans. The provisional conclusion that can be drawn from history is that different actors and entities have deployed different set of tools and methods of dispute resolution with different outcomes.

I.2 Sovereign Debt Diplomacies

This volume traces important changes in the ways debtors and creditors have managed and settled sovereign debt disputes since the early nineteenth century. In order to delineate and identify analytically this complex research object, we develop the concept of *sovereign debt diplomacy*. When a state is unable to fulfil its financial obligations, lenders engage into diplomatic actions to remedy broken contracts. Our interest in diplomacy stems from the observation that in the world of sovereign debt, few things proceed from the automatic application of rules. Debt disputes are typically negotiated not litigated (Waibel, 2010). We define sovereign debt diplomacy as the interface between two orders, on the one hand, *practical expectations* about repayment and, on the other, *normative models* about the meaning of debt, sovereignty, and the limits placed on the continuity of debt contracts. Practical expectations derive from the 'contractual knowledge' (Mallard & Sgard, 2016)

acquired upstream of the lending process, when debtors and creditors agree on a course of future behaviour regarding the terms of lending and debt repayment. Normative models refer to broader cognitive, political, and legal frames defining the range of acceptable behaviour in debt markets. These models shape what is being deliberated and the type of outcome that sovereign debt disputes generate. Thus, the diplomatic actions of creditors and debtors involved in debt disputes can be situated in this interface of practical expectations and normative models.

In our definition of sovereign debt diplomacy, we find four components: (1) *risk analysis*, or a set of trusted methods and devices that creditors use to price risks; (2) *legal clauses*, or the standardized provisions that govern debt contracts and determine the legal fate of creditors when repayment is compromised; (3) *bargaining power*, or the private tools and forums that creditors use to increase coordination and press for repayment; and (4) a *conception of state responsibility*, or a worldview that allows a state to interpret the actions of others and to reflect upon its responsibility to intervene in financial affairs. A sovereign debt diplomacy is therefore a composite mix of risk analysis, legal clauses, private coordination mechanisms, and state power.

Risk analysis includes the tools and methods that creditors mobilize upstream of the lending process to evaluate the creditworthiness of borrowers. These shape creditors' expectations of repayment and therefore make debt contracting possible. *Legal clauses* provide a second entry to the question of creditors' expectations. Debt being contracts, the general expectation is that all debt must be repaid, no matter the circumstances. Lenders and borrowers can rely on contractual terms and conditions when forming contracts to legally compel borrowers to do certain things and prevent them from doing others. Legal clauses contain boilerplate language that help parties better define their relationship, especially if the terms of the contracts become contested (Gulati & Scott, 2012). For instance, lenders can require the consent of borrowers to maintain the value of their debt with gold clauses. Today, some of the most common legal clause is the arbitration clause that requires the parties to resolve their disputes through an arbitration process. A focus on legal clauses allows capturing the growing importance of international and domestic courts as platforms of debt dispute adjudication.

Risk analysis and legal clauses are techniques of 'uncertainty absorption' (March & Simon, 1958, p. 165). They make investments predictable and debt contracting possible. But debtors do not always conform to what's expected from them. Attention to *bargaining power* is thus warranted to understand the type of action that actors resort to when faced with the perils of default. Bargaining power is the capacity to act strategically and collectively, the form of which has varied across historical and geographical context. Creditors can organize themselves in bondholder committees to threaten defaulters with the loss of market access. More recently, vulture funds have threatened debtor countries with costly litigation if they do not comply with the terms of lending. Besides self-organization,

bargaining power also derives from the capacity to lobby the ‘official sector’—the state and their officials—to intervene on their behalf.

The history of sovereign defaults and restructuring episodes highlights various elements of change and continuity in the role of states. States have assumed various roles from that of a passive monitoring institution to that of an active enforcer of creditors’ claims and property rights. The choice of a role depends ultimately on how states represent their responsibility in global financial affairs. Depending on prevailing *conceptions of state responsibility*, states can act upon creditors’ request for help, but they can also choose to alter the normal workings of creditor coordination, for instance, when states perceive that debt repayment poses a threat to international security. In particular, we assess conceptions of state responsibility against the historical thread of colonialism, from the building of colonial empires to decolonization. As we will show, conceptions of state responsibility emerged and solidified to a large extent in relation to the threads of colonial history, from the building of colonial empires to the decolonization era.

To summarize, a sovereign debt diplomacy refers to a composite set of tools for managing debt disputes which are shared between actors and deemed acceptable according to institutional models of international conduct. This framework brings to the picture a new method to analyse debt disputes. In our view, the concept of sovereign debt diplomacy has two main virtues. First, its analytical premises are resolutely *pragmatic*. A diplomatic perspective suggests that financial disputes cannot be easily reduced to legal contracts or any standardized blueprint of action. Therefore, the unfolding and outcome of debt disputes requires that careful attention be paid to the point of view of actors and how they make sense of broken contracts. With this diplomatic perspective, we aim to move research on sovereign debt disputes beyond the traditional opposition of payment versus default. While the legalistic approach of sovereign debt holds that states are bound by the principle of *pacta sunt servanda* (‘agreements must be kept’) and that any deviation from repayment is problematic, a diplomatic perspective suggests that repayment is not always the ultimate goal or even the measuring rod of ‘success’ for the parties involved in debt disputes.

Our diplomatic approach is also *pluralist*. We have opted for the plural term debt diplomacies to allow a sustained reflection on the varieties of sovereign debt diplomacies across historical and geographical contexts. With this volume, we intend to join a small but growing scholarly effort to rethink sovereign debt from an interdisciplinary viewpoint (Flandreau, 2016; Lienau, 2014; Mallard & Sgard, 2016). This volume integrates insights from research in ‘law and society’, economic history, sociology, political science, and studies in economics and finance to evaluate the variety of diplomatic engagements that debt disputes have elicited since the nineteenth century and their outcomes for debtors and creditors. Ultimately, this interdisciplinary perspective applied to sovereign debt not only

improves our understanding of the past but also makes it accessible and legible in terms that resonate with non-expert populations.

I.3 Analytical and Methodological Contributions

This volume innovates both analytically and methodologically. Analytically, it extends the literature on sovereign debt in four directions. First, we bring history and, in particular, colonial history, to the fore of the investigation. Economists often consider the post-1980 globalization period as a mostly novel era, and they often fall short of providing a measure of this novelty against previous historical experiences. This is unfortunate because there is a lot to be learnt about recent debt disputes from earlier comparable events during the nineteenth century and mid-twentieth century. *Circa* 1820, Western creditors began to lend to overseas nations, most commonly Latin American and Mediterranean countries. Creditors adjusted to the context of increasing market integration and capital expansion with institutional innovations that durably structured debtor–creditor interactions. The first globalization era also coincided with the rapid expansion of colonial empires, a process that intersected with and contributed to the expansion of debt markets. With this focus on history and in particular colonial history, we aim to show that debt disputes and colonial empires were co-produced during the nineteenth century and that this co-production of finance and politics continues to shape current debates about sovereign debt.

Second, we add a ‘law and society’ dimension to research on sovereign debt. Against the conventional understanding that international law emerged more or less naturally, socio-legal studies suggest that legal tools to redress against defaulters were slow in coming and their historical development since the nineteenth century has been irregular (Gulati & Scott, 2012; Lienau, 2014; Mallard & Sgard, 2016; Mann, 2002; Waibel, 2011). For instance, until 1914, legal methods of enforcement like arbitration clauses were not meant to be open to litigation but served to enlist the participation of creditor states in sovereign debt disputes (Weidemaier, 2010). A socio-legal perspective is also useful to capture the historical circumstances that enabled or constrained the availability of legal recourses in disputes over broken contracts. For instance, US legislative decisions to weaken the doctrine of sovereign immunity in the 1950s raised the profile of law in debt disputes by giving creditors a legitimate claim to bring a recalcitrant debtor before a court of law. But on the other hand, the anti-vulture funds legislations passed in Europe after 2008 amount to a significant reversal (Datz, this volume). These new laws testify to the recent efforts to impose limits on creditors’ uncompromising and legalistic behaviour in negotiations over broken contracts. Overall, we add a law and society perspective to show that sovereign debt contracts continue to elicit

flexible conceptions of repayment and that the use and meaning of legal recourses against sovereign debtors are neither self-evident nor irreversible.

Third is a contribution about the role of states in sovereign debt disputes. States are central players in debt diplomacies because they are vested with the authority to define the rules of market exchange. They possess tools that private actors do not have; namely the military force and the capacity to pass legislations and sign commercial treaties. States also entertain close ties with and considerable influence on international organizations (e.g. the IMF, World Bank, and UNCTAD) and specialized intergovernmental forums (e.g. the Paris Club), whose general norms and guidance (e.g. conditionality frameworks) shape the behaviour of debtors and creditors and, ultimately, impact the resolution and outcome of debt disputes. The capacity of states to define the rules of market exchange has always granted them with considerable influence in debt management. Upstream of the lending process, the influence of states can be observed in the propensity of creditors to invest in domestic assets (Obstfeld & Rogoff, 2000). During colonial times, this 'home-bias' also applied to investments in colonized countries, which were then considered as 'domestic' territories (Flandreau, 2006). Under such circumstances, investors are under strong incentives to invest where domestic laws are recognized and in countries with which their state has a special relation (e.g. empire, formal or informal). When operating under the umbrella of state power, creditors develop strong expectations that they will be bailed out, should problems emerge.

If states are so important in our volume, it is also because they have the legitimacy to uphold the sanctity of contracts. The influence of states often extends into shaping the meaning of debt disputes and their outcome. When private bargaining power proves insufficient against defaulters, investors typically turn to their states to intervene. State behaviour can be represented along a continuum between defending private property rights and taking a special interest in the survival of indebted countries, thus frustrating creditors' hopes of repayment. We argue that the position of state action in this continuum has fluctuated according to how states interpret their responsibility to intervene in financial affairs. Before granting support to private creditors, powerful states like the US and European powers typically weigh the interests of private creditors against their own range of objectives and targets, including national economic interests, international cooperation and peacebuilding efforts, and global security concerns. Investigating state actions is therefore paramount to our quest to understand why the norm of debt repayment has been politically and historically variable. The originality of this volume is to assess state actions against the historical thread of colonialism, from the building of colonial empires to decolonization. As we intend to show, conceptions of state responsibility have emerged and evolved to a large extent in relation to the threads of colonial history, from the building of colonial empires to the decolonization era.

This brings us to our fourth and last contribution on colonial history. This volume fills an important gap in recent debt historiographies. None of the recent textbooks on sovereign debt (for instance Eichengreen & Lindert, 1989; Jochnick & Preston, 2006; Kolb, 2011; Tomz, 2007; Roos, 2019) have designated sections on empires or colonial rules. This trend stands in stark contrast to older Marxist literature on capitalism and imperialism. Scholars such as Jean Bouvier, René Girault, or Jacques Thobie analysed and contrasted mainly the British and French experiences through the lens of commercial expansionism and imperialism.¹ For these authors, government loans were a central component of a general strategy promoted by imperial states to secure new markets and natural resources. Their work followed directly from the early studies published by Lenin (1939) and Hobson (1902). More recently however, economic historians have engaged with colonialism only reluctantly or *en passant*, giving credence to the idea that colonialism is not a development that deserves to be treated on its own.² In our view, this has led to suboptimal developments in recent scholarship. We contend that sovereign debt disputes have at once reflected and shaped colonial processes. First, the nineteenth century was the century of colonial empires so much that debt disputes rarely occurred without explicit reference to the colonial context of that time. As we shall see in this volume, for a cluster of Latin American, North African, and Eastern Mediterranean countries, over-indebtedness led to imperial responses, the form of which varied between the imposition of full-fledged colonial rule and informal empire effects. The tangled histories of sovereign debt and colonialism were also clear during the breakdown of colonial empires in the 1960s and 1970s, when the continuity in debt repayment once again became a controversial issue, most particularly in northern and sub-Saharan Africa.

This volume also focuses on the distinctive contributions made by legal scholars from the Global South. In the late nineteenth and early twentieth centuries, imperial projects met with the resistance of legal scholars from Latin America who perceived that they could enlist international law to protect debtor countries from creditors' uncompromising behaviour in negotiations over broken contracts. Conflicting interpretations of international law (as a method to force repayment or as a resource that protects debtors) resurfaced during the postcolonial transitions of the 1960s and 1970s, in particular in the legal proposals made by Mohammed Bedjaoui to organize a 'New International Economic Order'. Even if these proposals were not ultimately conclusive, they further raised the profile of international law in debt disputes and, as such, their legacy can still be felt in current debates.

If the history of debt disputes is one where colonial history plays a central role, where does that leave us after 1970? Even though colonial empires have ceased to

¹ A general summary can be found in Bouvier, Girault & Thobie (1986).

² An exception is the remarkable work of Hudson (2017), analysing the joint development of financial markets and colonial practices from the late nineteenth century to the Great Depression.

exist, global asymmetries of power in debt disputes have not disappeared. The return of international debt disputes has left scholars ponder the question of the applicability of colonial experiences to assess the current predicament of sovereign debt affecting countries such as Argentina, Greece, Venezuela, and Puerto Rico. Our volume imports insights from, and contributes to the body of research currently developed in the Humanities under the label 'colonial and postcolonial studies'. Scholars of postcolonial studies have claimed a 'neo-colonial' perspective on the post-Cold War international financial order (Amin, 2001; Shohat, 1992). Sovereign debt has been seen by others as a tool of 'imperialism after empire' (Robinson, 1984). Decades after the collapse of colonial empires, this volume assesses the merits and limits of neo-colonial frames on recent debt developments. As we do not want to raise the reader's expectations in relation to the charge of neo-colonialism, the available evidence sustains only modest support for this thesis. As we shall see, serious doubts can be raised regarding the capacity of international creditor to exert the sort of colonial control that nineteenth century debtor country experienced.

To summarize, this volume traces important changes in the ways debtors and creditors have managed sovereign debt disputes since the early nineteenth century. With our diplomatic perspective, our key objective is to identify regularities and departures in the practical responses that sovereign debt defaults have elicited from different actors across geographical and historical contexts.

Methodologically, our analysis of change is harnessed at the micro-level. Tracing two centuries of change in sovereign debt disputes warrants a meticulous inspection of 'small' decisions and local actors. Our diplomatic perspective is rooted at the micro-level, but it does not ignore the existence of institutional logics. Indeed, the unfolding and outcomes of sovereign debt disputes can be ascribed to broader institutional models and schemas that both enable and restrict the range of possible actions against recalcitrant debtors. We thus follow an 'institutionally embedded' view (Carruthers, 1996; Fligstein, 2002) to situate sovereign debt disputes against prevailing models and schemas that constrain agency. Key to this logic of embeddedness are not just hard (formal) rules or state-level policies and legislations but also softer institutional norms and legal frames promoted by international organizations, multilateral forums, and private actors (Abbott & Snyder, 2000; Graz & Nolke, 2007). These norms and frames provide cognitive stability for market participants and guide them into selecting their preferred options in a conflict over debt repayment. Nevertheless, institutions change. Change in diplomatic models of engagement can follow 'critical junctures' (Capoccia & Kelemen, 2007) like a war or a 'loud' event that make old models impracticable. In the parlance of Thomas Kuhn (1970), critical junctures are 'paradigmatic shifts', moment during which prior habits are breached and routine become unsettled. Such cases of change brought about by seismic events require actors to rebuild what has been destroyed and create new models of action.

How do we understand change in sovereign debt diplomacies? In new institutional theory, attempts to change or displace prevailing models are characterized as acts of ‘institutional entrepreneurship’ (DiMaggio, 1988; Seo & Creed, 2002). Institutional theory also suggests that how and why such entrepreneurial efforts succeed is not clear without a micro-perspective on the processes by which institutional entrepreneurs (e.g. lawyers, creditors, negotiating parties) mobilize interpretative resources and discourses to make comprehensible the desirability and relevance of change (Fligstein, 1997).³ To summarize, our comparative-historical analysis of changes affecting institutional models of debt dispute resolution is harnessed at the micro-level.

Following these analytical and methodological premises, we have asked our team of contributors to consider the following research questions:

- Actors, instruments, and outcomes:
Who are the key public and private actors involved in sovereign debt disputes? What methods and tactics of debt collection are deployed when contracts are breached? What is the outcome of such methods for both creditors and debtors? To answer these questions, we have directed our contributors to provide contextual information to explain why actors acted the way they did. We have also directed them to uncover, as far as possible, traces of doubts and hesitations in the negotiation stances favoured by debtors and creditors. The pay-off of this exercise is to suggest that sovereign debt disputes are diplomatic exchanges and that the resolution of debt disputes seldom proceed from the automatic application of rules.
- Patterns of historical change:
Can we observe regularities and departures in the identity of negotiating actors and in the methods they use to remedy broken contracts? Are there any principles restricting the scope of legitimate methods of contractual enforcement? We have directed our contributors to pay close attention to individual agency, discourses and representations, local innovations, and, whenever possible, to document the processes by which local decisions became solidified into stable, models of debt dispute settlement. With this focus on local actors and decisions, we seek to avoid a teleological perspective on institutional change.
- Global asymmetries of power and colonial history:
Can we identify colonial or imperial forms of agency in sovereign debt disputes? To what extent sovereign debt disputes reflect and reproduce global asymmetries of power between the developed world and the Global

³ Such insights drawn from new-institutionalism are valuable to ‘old’ institutionalist approaches which tend to focus on institutional stability at the expense of institutional change, which they often have difficulty explaining. A nice synthesis of these theoretical debates is provided by Thelen (1999).

South? We have also asked contributors writing on more recent cases to elaborate on the relevance to use neo-colonial or hegemonic tropes to characterize recent cases of sovereign debt disputes. Some contributions address head on the narratives of colonial history and postcolonial developments. Others chose to engage with such narratives in more indirect ways or at a distance. But each volume contribution pushes the analysis forward in some way, drawing from different disciplines and historical periods.

To answer these questions, this volume examines a selection of episodes of debt disputes. Practical reasons motivate our choice to extract a sample of case studies, as it is of course impractical to chronicle in one volume the 296 external default episodes since 1800 listed in Reinhart & Rogoff (2009). And even if it were, such a panoramic approach would be ill-suited to the pursuit of our research goals. Our starting point has been to recognize that sovereign defaults are a perennial feature of sovereign borrowing. Based on this observation, the main objective with this volume is to survey meaningful regularities and changes in the management of sovereign debt dispute across different historical periods. To do so, we extracted several important cases of debt dispute from the four main clusters of sovereign defaults since 1820: nineteenth-century default episodes, interwar defaults, defaults arising from postcolonial transitions in the 1960s and 1970s, and post-1990s cases. Thinking in terms of historical clusters is helpful to capture meaningful similarities with regards to risk analysis, legal clauses, bargaining power, and conceptions of state responsibility, the four components of sovereign debt diplomacies. Our key objective here is to offer avenues of research forward to identify historical regularities and articulate a sense of unity in the long and messy history of sovereign debt disputes. A cluster-perspective is not only useful to think *synchronically* about how cases of debt dispute may ‘rhyme’ and present comparable features, it also provides a relevant method to recognize *diachronic* patterns of change with regards to the actors involved in debt disputes, their preferred methods of dispute resolution and the settlement outcomes. As will become clear in the following chapter, the analysis of defaults loses accuracy and precision when methods and tactics of dispute resolution are viewed ahistorically, without sufficient reference to the context of precedence and logics of path dependency between historical contexts.

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