Kurt Mitman
Stockholm University

Abstract

I develop a general-equilibrium model of housing and default to jointly analyze the effects of bankruptcy and foreclosure policies. Heterogeneous households have access to mortgages and unsecured credit and can default separately on both types of debt. I show that the interaction between foreclosure and bankruptcy decisions is crucial for explaining the observed cross-state correlation between default policies and default rates. I use the model to argue that a major recent reform to bankruptcy has unintended consequences: it substantially increases bankruptcy rates, despite being intended to reduce them, and also increases foreclosure rates. Nevertheless, the reform yields large welfare gains.

ניתןациюל pracy בידור הבוהק

http://portal.idc.ac.il/en/schools/economics/about/Pages/seminars.aspx

נשמח לראותכם!