Debt Structure as a Strategic Bargaining Tool by Yue Qiu

Discussion by Jonathan B. Cohn, University of Texas at Austin

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Cohn discussion

Debt Structure/Bargaining

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- ► More debt → better bargaining outcomes (Benmelech, Bergman & Enriquez, 2009; Towner, 2015)

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 - No change in debt level
 - Increase in bonds (and bond issuance), decrease in bank debt, larger bank loan syndicate size

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Nice addition to the literature

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Summary of thoughts/suggestions

Nice addition to the literature

- RD test: Power & magnitude?
- Compensation test: Issue with wage data may complicate interpretation
- Couple of other tests to consider
- Sample formation issues/suggestions
- What does it all mean?

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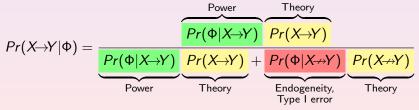
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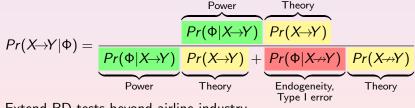
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Extend RD tests beyond airline industry

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- More generally, how reliable is the airline compensation data?

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- Does unionization lead to higher compensation?
- Does dispersed debt offset this effect (i.e., look after union elections specifically)?

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Aircraft leasing?

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Do successful union votes perpetuate w/in firm?

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- The whole point is that the firm wants to create the threat of financial distress.
- Are there other capital structure margins that firms adjust to enhance bargaining power? (e.g., short- vs. long-term debt)