There is a core concept in finance that states that an investor should be properly compensated for the amount of risk taken. While central banks have certainly distorted the amount of compensation per degree of risk, the axiom still holds true. It is in this light that we recently read an article entitled GDP-linked bonds could be an insurance policy against depression. The article by Robert Shiller makes a case for sovereign debt whose principal and interest are not fixed but instead linked to the level of economic activity. The **genius** behind Mr. Shiller?s idea is that as a nation?s economic activity deteriorates, and their ability to pay principal and interest on outstanding debts decline, the interest rate on the existing debt and new debt would decline. This, in theory, would reduce funding pressures associated with higher interest rates. On the flip side, ?*investors will be attracted by the prospect of high returns when some of these countries do very well.?* Apparently, Mr. Shiller has come up with a win-win security. The word genius emphasized in the prior paragraph references any sovereign Treasurer that can dupe investors into buying such a bond. The idea that investors will find comfort in reducing their cushion or protection of risk (interest rates) as a nation becomes riskier is absurd. Further, how can a country facing a dire financial situation find new buyers of debt with a very low coupon or even a negative one? It is clear to us that Mr. Shiller has created a bond that helps further facilitate the unsustainable fiscal positions of over-indebted countries at the expense of investors. It would be nice if the Nobel Laureate could spend his time advising these countries on how to better live within their means.