

460-2 International Economics

Martin Eichenbaum and Guido Lorenzoni

Syllabus - Part I (GL)

This part of the course is focused on the role of financial markets and their imperfections in international macro.

Lectures 1-2: Current account and portfolio adjustment

- M. Obstfeld and K. Rogoff. 1996. “The Intertemporal Approach to the Current Account”, NBER WP 4893 (also in Handbook of International Economics, 1995).
- M. Aguiar and G. Gopinath. Emerging market business cycles: The cycle is the trend. *Journal of Political Economy*, 115(1), 2007
- A. Kraay and J. Ventura. 2000. “Current Accounts in Debtor and Creditor Countries”, Quarterly Journal of Economics 115 (4), pp. 1137-1166.
- P. O. Gourinchas and H. Rey, 2007. “International Financial Adjustment”, Journal of Political Economy 115 (4).
- Lorenzoni, 2014, Adjusting to a Capital Flight. The Role of Asset Prices

Lecture 3-6: Nominal rigidities and adjustment to external shocks under fixed and flexible exchange rates

Currency crises and overvaluation

- Guido Lorenzoni. International financial crises. In K. Rogoff E. Helpman, G. Gopinath, editor, *Handbook of International Economics*. 2014
- M. Obstfeld. The logic of currency crises. NBER Working Paper 4640, 1994

Fixed exchange rates and external shocks

- Emmanuel Farhi and Ivan Werning. Dealing with the trilemma: Optimal capital controls with fixed exchange rates. mimeo MIT
- Stephanie Schmitt-Grohe and Martin Uribe. Downward nominal wage rigidity, currency pegs, and involuntary unemployment. mimeo Columbia

Sudden stops

- G. A. Calvo. Explaining sudden stops, growth collapses and bop crises: The case of distortionary output taxes. NBER Working Paper 9864, 2003
- L.J. Christiano, C. Gust, and J. Roldos. Monetary policy in a financial crisis. *Journal of Economic Theory*, 119(1):64–103, 2004

Lecture 7-8: Sovereign debt crises

- G.A. Calvo. Servicing the public debt: The role of expectations. *American Economic Review*, 78(4):647–661, 1988
- H.L. Cole and T. Kehoe. Self-fulfilling debt crises. *Review of Economic Studies*, 67(1):91–116, 2000
- Guido Lorenzoni and Ivan Werning. Slow moving debt crises. mimeo, 2013

Lecture 9: Intermediation

- Luigi Bocola. The pass-through of sovereign risk. 2014
- Matteo Maggiori and Xavier Gabaix. International liquidity and exchange rate dynamics. 2014
- Ricardo J. Caballero and A. Krishnamurthy. Global imbalances and financial fragility. *American Economic Review Papers and Proceedings*, 2009
- H.S. Shin. Global banking glut and loan risk premium. Technical report, 2011. IMF 2011 Mundell-Fleming Lecture