

International Finance

Module 4, 2019-2020

Instructor: Konstantin Styrin

kstyrin@nes.ru

Course information

Course Website: my.nes.ru

Instructor's Office Hours: by appointment

Class Time: Fridays 17:15-18:45 and 19:00-20:30

Room Number: 3.06

TA: Alexander Tishin atishin@nes.ru

Course description

This course covers five interrelated topics that have been a subject of active research in international macroeconomics: (i) business cycle in emerging market economies; (ii) global imbalances; (iii) international capital flows; (iv) international financial crises; and (v) capital controls as a macroprudential policy tool.

Course requirements, grading, and attendance policies

The course requirements include two problem sets (20% of the final grade each), and the open-book final exam (60%).

Course contents

I. Business cycles in emerging market economies (EMEs)

- Differences in business cycle characteristics between advanced economies and EMEs
- What drives business cycles in EMEs?
- Potential role of shocks trend productivity, country interest rate, and terms of trades.

II. Global Current Account Imbalances

- Old and new views on current account imbalances.
- Bretton Woods II.

- Uneven financial development across countries and global imbalances.
- Role of demographic cross-country differences.

III. International capital flows

- Valuation channel of external adjustment.
- Dilemma not Trilemma debate
- Dollar as dominant currency
- International monetary system

IV. International financial crises

- Models of currency, banking, and sovereign debt crises
- Sudden stops.
- Unsustainable fiscal policy and currency attacks.
- Fear of floating. Reserve accumulation as an equilibrium selection device.
- Financial contagion
- The global financial crisis and the Great Recession 2007-2009.
- The Eurozone crisis.

V. Capital controls

- Overborrowing as a rationale for imposing capital controls.
- Pecuniary and aggregate demand externalities.

Sample tasks for course evaluation

Past exams will be posted on my.nes.ru

Course materials

Required textbooks and materials

Obstfeld, M., and K. Rogoff, *Foundations of International Macroeconomics*, MIT Press, 1996, selected chapters.

Gopinath, G., E. Helpman, and K. Rogoff (eds.), *Handbook of International Economics*, volume 4, Elsevier North Holland, 2014, selected chapters.

M. Uribe and S. Schmitt-Grohé, *Open Economy Macroeconomics*, Princeton University Press, 2017, selected chapters

S. Schmitt-Grohé, M. Uribe, and M. Woodford, *International Macroeconomics*, manuscript, Columbia University, 2019, selected chapters

Additional materials

Will be posted on my.nes.ru.

Academic integrity policy

Cheating, plagiarism, and any other violations of academic ethics at NES are not tolerated.