This course surveys the growing field of open economy macroeconomics. It will acquaint you with a large body of theoretical and empirical work, and it will bring you to the research frontier in some areas. The course is designed to orient you toward thinking about research topics. A research paper is required.


Martin Uribe, *Open Economy Macroeconomics* May 2013


Requirements:  
- Final Exam 30%
- Paper and Presentation 30%
- Midterm Exam 30%
- Homework and participation 10%

**Preliminary Reading List**

I. The Current Account of the Balance of Payments

Obstfeld and Rogoff, Chs. 1-3.

Uribe, Martin, Lecture Notes, Chs. 2, 3.


II. International Financial Markets

Obstfeld and Rogoff, Ch. 5


III. Real Business Cycle Models of Open Economies

Uribe, Martin, Lecture Notes, Chs. 1, 4.


IV. Debt Crises

Obstfeld and Rogoff, Ch. 6

Uribe, Martin, Lecture Notes, Chs. 8,9.


V. Money and Nominal Exchange Rates

A. Background

Obstfeld and Rogoff, Chs. 8 and 9.

B. Monetary union


C. Empirical Exchange Rate Models


VI. Currency Crises

A. Generation one models


B. Generation two models


C. Financial fragility


D. Fiscal Theory of the Price Level and Financial Crises


Daniel, Betty C. “Exchange Rate Crises and Fiscal Solvency.” Journal of Money, Credit, and Banking, 42 (September 2010), 1109-1135.
E. Empirical Causes of Crises


Berg, Andrew and Catherine Pattillo, “Are Currency Crises Predictable?” *IMF Staff Papers* 46(2) (June 1999), 107-38.

VII. Purchasing Power Parity and the Real Exchange Rate

Obstfeld and Rogoff, Ch. 4

Uribe, Martin, Lecture Notes, Ch. 7


VIII. Sticky-price optimizing models

Obstfeld and Rogoff, Chapter 10.


Paper:

During the semester, you are required to write an original paper of about ten to fifteen pages in the field of international monetary economics. A one page abstract of your paper topic, together with at least one primary academic reference, is due September 19. You are advised to consult with me about your paper topic before September 19. The final paper is due on November 26. You will present your papers in class at the end of the semester, so it is very important that you have your paper ready on time. Your ability to meet due dates is an important determinant of your grade. Papers received after the deadline will be downgraded one letter grade.

Homeworks:

You will receive homework assignments throughout the semester. You are encouraged to work together and to figure out answers together. However, each student is expected to write answers alone.

Class Participation:

Attendance and class participation in discussion is expected. Your grade is determined by your attendance and by the quality of your participation. I expect you to read the material we cover prior to class and, based on your knowledge, ask and answer questions on the material.