Economics GR6241

Advanced Topics in International Macroeconomics

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Columbia University

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Meetings: Wednesdays, 2:10-4pm, 1102 IAB.

Office Hours: Mondays 4:15 to 5:15, 1109B IAB.

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Requirements: The final grade will be based on four written assignments due in weeks 4, 7, 10, and 13 and on a term paper due at the end of the course. In the final grade, each written assignment will have a weight of 15 percent, and the term paper a weight of 40 percent.

Summary Course Description: This course brings students to the frontier of research in International Macroeconomics. It covers developments in a number of topics relevant for understanding the workings of open economies, including financial frictions, sovereign default, nominal frictions and exchange-rate policy, terms-of-trade shocks, real exchange-rate determination, and international aspects of business-cycle analysis. By the end of the course, students are expected to demonstrate ability to formulate, characterize, estimate, and simulate theoretical and statistical models at the level of a paper publishable in a top field journal.


Topics To Be Covered and Suggested Reading:

Each topic listed below is followed by a set of suggested readings containing both background material and additional references meant for students wishing to deepen their knowledge of particular topics.

1. Financial Frictions, Aggregate Instability, and Macroprudential Policy

*USG, chapter 12, “Financial Frictions and Aggregate Instability.”


2. Exchange Rates, Nominal Rigidities and Crises in Emerging Countries

*USG, chapter 9, “Nominal Rigidity, Exchange Rates, And Unemployment.”


3. Optimal Capital-Control Policy

*USG, chapter 10, “Exchange-Rate Policy and Capital Controls.”


4. Country Spreads, Terms of Trade, and Commodity-Price Shocks

*USG, chapter 6, “Interest-Rate Shocks.”


*USG, chapter 8, “Nontradable Goods and the Real Exchange Rate.”


Ayres, Joao, Constantino Hevia, and Juan Pablo Nicolini, “Real Exchange Rates and Primary Commodity Prices,” manuscript, Federal Reserve Bank of Minneapolis, June 2017.


Time Permitting:

5. Lending Under Imperfect Enforcement

*USG, chapter 13, “Sovereign Default.”


Bi, Ran, “Debt Dilution and Maturity Structure of Sovereign Bonds,” University of Maryland, February 2006.


**Academic Integrity:** Columbia’s intellectual community relies on academic integrity and responsibility as the cornerstone of its work. Graduate students are expected to exhibit the highest level of personal and academic honesty as they engage in scholarly discourse and research. In practical terms, you must be responsible for the full and accurate attribution of the ideas of others in all of your research papers and projects; you must be honest when taking your examinations; you must always submit your own work and not that of another student, scholar, or internet source. Graduate students are responsible for knowing and correctly utilizing referencing and bibliographical guidelines. When in doubt, consult your professor. Citation and plagiarism-prevention resources can be found at the GSAS page on Academic Integrity and Responsible Conduct of Research. Failure to observe these rules of conduct will have serious academic consequences, up to and including dismissal from the university. If a faculty member suspects a breach of academic honesty, appropriate investigative and disciplinary action will be taken following Dean’s Discipline procedures.

**Disabilities Accommodations** If you have been certified by Disability Services (DS) to receive accommodations, please either bring your accommodation letter from DS to your professors office hours to
confirm your accommodation needs, or ask your liaison in GSAS to consult with your professor. If you believe that you may have a disability that requires accommodation, please contact Disability Services at 212-854-2388 or disability@columbia.edu. Important: To request and receive an accommodation you must be certified by DS.