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


You might also want to consult two excellent books: *Foundations of International Macroeconomics*, 1996, by M. Obstfeld and K. Rogoff, and *Open Economy Macroeconomics in Developing Countries*, 2013, by C. Végh.

**Starting Point:** In your first year, you were exposed to the following topics:

- The Empirics of Business Cycles in Emerging Economies (USG, chapter 1).
- The Intertemporal Approach to the Balance of Payments (USG, chapters 2 and 3).
- Small Open Economy (SOE) Real Business Cycle (RBC) Theory (USG, chapter 4).

We will therefore not cover these topics in this course.

**Topics To Be Covered**

1. **Emerging-Country Business Cycles Through the Lens of the SOE-RBC Model**
   USG, Chapter 5.


2. **Country Spreads and Terms of Trade**
   USG, chapters 6 and 7.


### 3. Exchange Rates, Nominal Rigidities and Crises in Emerging Countries

USG, chapters 8.


### 4. Overborrowing and Capital Controls

USG, chapters 9 and 10.


Benigno, Gianluca; Huigang Chen; Christopher Otrok; Alessandro Rebucci; and Eric R. Young, “Revisiting Overborrowing and its Policy Implications,” in Luis Céspedes, Roberto Chang and Diego Saravia (eds.), *Monetary Policy under Financial Turbulence*, Central Bank of Chile, 2011.


5. **Macro Prudential Policy For Emerging Economies**


6. **Lending Under Imperfect Enforcement**

USG, chapter 11.


Kim, Yun Jung and Jing Zhang, “Decentralized Borrowing and Centralized Default,” Unpublished, University of Michigan, April 2010.


Hatchondo, Juan Carlos ; Leonardo Martinez, and Horacio Sapriza, “Quantitative models of sovereign default and the threat of financial exclusion,” Economic Quarterly 93, 2007, 251-286.

