Requirements: The final grade will be based on a take-home exam.

Summary Course Description: This mini-course aims to acquaint students with selected topics at 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, exchange-rate policy, terms-of-trade shocks, real exchange-rate determination, and international aspects of business-cycle analysis.


Topics To Be Covered and Suggested Reading:
Lectures will cover a few selected topics in some detail and will provide an overview of others. 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 Macropudential Policy

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.”

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.


