

New Economic School

Master in Economics Program

International Macroeconomics

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Class meeting times: Tuesdays 11:45-13:15 and 13:45-15:15, room 403

Course description

This course is an introduction to international macroeconomics designed for second-year Master's students. It studies the economy connected to the rest of the world via trade and financial links. The course starts by establishing a basic frictionless modeling framework, which is subsequently enriched by frictions and externalities of different sorts aiming to make the augmented model better explain empirical facts. The topics covered include the Global Financial Cycle, the consequences of Dominant Currency Pricing in international trade, equilibrium exchange rate determination under financial frictions, the choice of exchange rate regime, the role of foreign exchange reserves, macroprudential capital controls, and international financial crises.

Course requirements include one or two problem sets with overall 50% weight in the final grade offered in the middle of the module and a take-home final exam with 50% weight offered at the end of the module.

There are no regular recitations for the course but they can be scheduled occasionally depending on the demand from students.

Books (PDFs to be posted on my.nes):

1. [USG] Uribe and Schmitt-Grohé, *Open Economy Macroeconomics*, Princeton University Press, 2017
2. [OR] Obstfeld and Rogoff, *Foundations for International Macroeconomics*, MIT Press, 1996

3. [HB] Gopinath, Helpman, and Rogoff (Eds.), *Handbook of International Economics*, Vol. 6, Elsevier, 2022

Some additional readings to be posted on my.nes.

Course contents

1. Core frictionless framework

OR, USG – selected chapters
2. International capital flows and the Global Financial Cycle

Miranda-Agrippino and Rey, “The Global Financial Cycle,” chapter in HB
3. Dominant currency

Gopinath and Itskhoki, “Dominant Currency Paradigm: A Review,” chapter in HB
4. Exchange rate determination under financial frictions

Du and Schreger, “CIP Deviations, the Dollar, and Frictions in International Capital Markets,” chapter in HB

Maggiori, “International Macroeconomics with Imperfect Financial Markets,” chapter in HB
5. Exchange rate regimes, capital controls, and FX reserves

Ilzetzki, Reinhart, and Rogoff, “Rethinking Exchange Rate Regimes,” chapter in HB

Bianchi and Lorenzoni, “The Prudential Use of Capital Controls and Foreign Currency Reserves,”
6. International financial crises

Sufi and Taylor, “Financial Crises: A Survey,” chapter in HB