

## **Open Economy Macroeconomics**

24-28 February and 10-14 March 2014.

### **Textbooks:**

Maurice Obstfeld, M. and Kenneth. Rogoff, *Foundations of International Macroeconomics*, MIT Press, 1996 (OR)

Carlos Vegh, *Open Economy Macroeconomics in Developing Countries*, MIT Press, 2013 (CV)

The book by Obstfeld and Rogoff is a little old, but it remains a great classic in its field. The book by Vegh is more recent, but it is also more advanced and sometimes a bit difficult. Vegh was born in Uruguay and knows a lot about Latin America.

You are strongly advised to read *The Economist* every week.

### **Content of the course**

#### **Chapter 1: Intertemporal Trade and the Current Account Balance**

OD chapter 1

#### **Chapter 2: Dynamics of Small Open Economies**

OD chapter 2

CV chapters 1 and 2

Rabah Arezki and Liugang Sheng. 2014. "News shocks and the current account: Evidence from giant oil discoveries", mimeo.

#### **Chapter 3: The Real Exchange Rate and the Terms of Trade**

OD chapter 4

CV chapter 4

#### **Chapter 4: Primary Commodities and the Real Exchange Rate**

Rabah Arezki, Thorvaldur Gylfason and Amadou Sy, *Beyond the Curse. Policies to Harness the Power of Natural Resources*, 2011, International Monetary Fund.

#### **Chapter 5: Capital Inflows and Sudden Stops**

CV chapter 14

Ricardo Hausmann and Andres Velasco. 2002. "Hard money's soft underbelly: Understanding the Argentine crisis", *Brookings Trade Forum* 2002, 59-104.

Carmen M. Reinhart and Vincent R. Reinhart "Capital flow bonanzas: An encompassing view of the past and the present", NBER working paper 14321.

## **Chapter 6: Financial Crises**

CV chapter 16 and 17

## **Chapter 7: The 2008-? Financial Crisis**

Crash course *The Economist*, September 7<sup>th</sup> to October 5<sup>th</sup> 2013.

Carmen M. Reinhart and Kenneth S. Rogoff. 2014 "Recovery from financial crises: Evidence from 101 episodes" forthcoming in *American Economic Review Papers and Proceedings*, May.