

Economics 572
International Finance and Macroeconomics

ORGANIZATION

Times/location: M/W 9:30-10:50pm/Savery 167
Office: Savery Hall 338
E-mail: yuchin@uw.edu
Course webpage: <http://depts.washington.edu/oemacro/Econ572/>
Office Hours: Fri 11am – noon or via: <http://www2.mysignup.com/uweconofficehours>

COURSE OBJECTIVE

This course provides an overview of recent key topics in international finance and open economy macroeconomics. In addition to familiarizing students with the relevant theoretical models and empirical literature, the course will give students the opportunity to start conducting guided research, delivering presentations, and solve problems both analytically and numerically. The topics here will extend as well as complement the material covered in Econ 574, with a heavier emphasis on international “finance” and the empirical side of open economy macro, as well as sovereign debt and currency crises. In addition, there will be additional opportunities to work out problems both analytically and numerically. The course is intended for second- and third-year Ph.D. students in the Economics department. Familiarity with first-year Ph.D. course material will be assumed.

TEXTBOOKS

There are several good textbooks that students are encouraged to have access to:

1. Obstfeld, Maurice and Kenneth Rogoff, *Foundations of International Macroeconomics*, MIT Press, 1996.

This book offers a very comprehensive analysis of the theoretical models in open economy macroeconomics. In addition, two other books with a more empirical focus are also highly recommended:

2. Mark, Nelson C. *International Macroeconomics and Finance: Theory and Econometric Methods*, Blackwell Publishers, 2001.
3. Sarno, Lucio and Mark Taylor, *The Economics of Exchange Rates*, Cambridge, 2003

Core readings for the course will be based on journal articles and listed on the [course website](#).

GRADING POLICY

1. Small-group problem presentations and discussions (70%)
 - We will work through a collection of problems that are designed to familiarize you with key insights from the literature as well as computational techniques. Each problem will be assigned to 2-3 students who will present and discuss the solution to the class. The final solution and discussion write-up will be due and shared with the class after the in-class discussion sessions. Depending on final class enrollment, each student can expect to present 4-5 times on analytical problems, and with a bigger final presentation on a numerical project.
2. Final individual research proposal (30%)
 - An individual final paper is due by the end of Spring Break/beginning of spring quarter. Students are encouraged to put together

COURSE SCHEDULE

* Course schedule will be posted on the course website. Please check it regularly for up-to-date schedule and reading assignments.

TOPICS

- International Financial Crisis
- Financial Frictions and Macroeconomic Cycles
- International Prices and Exchange Rates: LOOP & PPP
- Exchange Rate Determination and Open Economy Monetary Policy
- Capital Controls
- Currency Unions
- Sovereign debt and debt crisis
- Speculative Attacks, Financial Fragility, Global Games