

**Summer Camp UCEMA**  
**International and Monetary Economics**  
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This is the syllabus for a five-day course in International and Monetary Economics.

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**Text:** Martín Uribe and Stephanie Schmitt-Grohé, *Open Economy Macroeconomics*, Princeton University Press, 2017. Hereafter USG.

**Outline of Topics (selected readings will be covered in detail)**

**1. Exchange-Rate Policy and Nominal Frictions**

USG, Chapter 9.

Schmitt-Grohé, Stephanie, and Martín Uribe, “Downward Nominal Wage Rigidity, Currency Pegs, and Involuntary Unemployment,” *Journal of Political Economy* 124, October 2016, 1466-1514.

**2. Exchange-Rates and Monetary Policy**

USG, Chapter 9.12 (The Mussa Puzzle) and 9.16 (Staggered Price Setting: The Calvo Model).

Schmitt-Grohé, Stephanie, and Martín Uribe, “Exchange Rates and Uncovered Interest Differentials: The Role of Permanent Monetary Shocks,” Columbia University, unpublished manuscript, December 2018.

Dornbusch, Rüdiger, “Expectations and Exchange Rate Dynamics,” *Journal of Political Economy* 84, December 1976, 1161-1171.

Eichenbaum, Martin, and Charles L. Evans, “Some Empirical Evidence on the Effects of Shocks to Monetary Policy on Exchange Rates,” *Quarterly Journal of Economics* 110, November 1995, 975-1009.

Engel, Charles, “Exchange Rates, Interest Rates, and the Risk Premium,” *American Economic Review* 106, February 2016, 436-474.

Faust, Jon, and John H. Rogers, “Monetary policy’s role in exchange rate behavior,” *Journal of Monetary Economics* 50, 2003, 1403-1424.

Faust, Jon, John H. Rogers, Eric Swanson, and Jonathan H. Wright, “Identifying the Effects of Monetary Policy Shocks on Exchange Rates Using High Frequency Data,” *Journal of the European Economic Association* 1, September 2003, 1031-1057.

Hettig, Thomas, Gernot Müller, and Martin Wolf, “Exchange Rate Undershooting: Evidence and Theory,” University of Tübingen, unpublished manuscript, December 2018.

Kim, Seong-Hoon, Seongman Moon, and Carlos Velasco, “Delayed Overshooting: Is It an 80s Puzzle?,” *Journal of Political Economy* 125, 2017, 1570-1598.

Mussa, Michael, “Nominal Exchange Regimes and the Behavior of Real Exchange Rates: Evidence and Implications,” *Carnegie-Rochester Conference Series On Public Policy* 25, 1986, 117-214.

Scholl, Almuth, and Harald Uhlig, “New evidence on the puzzles: Results from agnostic identification on monetary policy and exchange rates?,” *Journal of International Economics* 76, 2008, 1-13.

**3. Fiscal Deficits, Inflation Stabilization, Permanent Monetary Shocks, and the Neo-Fisher Effect**

Uribe, Martín, “Is The Monetarist Arithmetic Unpleasant?,” manuscript Columbia University, November 2016.

Uribe, Martín, “The Neo-Fisher Effect: Econometric Evidence from Empirical and Optimizing Models,” Columbia University, unpublished manuscript, 2018.

Schmitt-Grohé, Stephanie, and Martín Uribe, “Liquidity Traps and Jobless Recoveries,” *American Economic Journal: Macroeconomics* 9, 2017, 165-204.

Benhabib, Jess, Stephanie Schmitt-Grohé, and Martín Uribe, “The Perils of Taylor Rules,” *Journal of Economic Theory* 96, 2001, 40-69.

De Michelis, Andrea, and Matteo Iacoviello, “Raising an Inflation Target: The Japanese Experience with Abenomics,” *European Economic Review* 88, 2016, 67-87.

Eggertsson, Gauti B., and Michael Woodford, “Zero Bound on Interest Rates and Optimal Monetary Policy,” *Brookings Papers on Economic Activity*, 2003 1, 139-233.

Fève, Patrick, Julien Matheron, and Jean-Guillaume Sahuc, “Disinflation Shocks in the Eurozone: A DSGE Perspective,” *Journal of Money, Credit and Banking* 42, March/April 2010, 289-323.

Krugman, Paul, “Its Baaack! Japans Slump and the Return of the Liquidity Trap,” *Brookings Papers On Economic Activity*, 1998, 137-87.

#### 4. Fixed Exchange Rates and Macroprudential Policy

USG, Chapter 10.

#### 5. Financial Frictions and Macroprudential Policy

USG, Chapter 12.

Schmitt-Grohé, Stephanie, and Martín Uribe, “Is Optimal Capital-Control Policy Countercyclical In Open-Economy Models With Collateral Constraints?,” *IMF Economic Review* 65, August 2017, 498-527.

Schmitt-Grohé, Stephanie, and Martín Uribe, “Underborrowing,” Columbia University, unpublished manuscript, May 2018.

Benigno, Gianluca, Huigang Chen, Christopher Otrok, Alessandro Rebucci, and Eric R. Young, “Financial Crises and Macro-Prudential Policies,” *Journal of International Economics* 89, 2013, 453-470.

Benigno, Gianluca, Huigang Chen, Christopher Otrok, Alessandro Rebucci, and Eric R. Young, “Optimal capital controls and real exchange rate policies: A pecuniary externality perspective,” *Journal of Monetary Economics* 84, December 2016, 147-165.

Bianchi, Javier, “Overborrowing and Systemic Externalities in the Business Cycle,” *American Economic Review* 101, December 2011, 3400-3426.

Dávila, Eduardo, and Anton Korinek, “Pecuniary Externalities in Economies with Financial Frictions,” *Review of Economic Studies* 85, January 2018, 352-395.

Fernández, Andrés, Alessandro Rebucci, and Martín Uribe, “Are Capital Controls Countercyclical?,” *Journal of Monetary Economics* 76, 2015, 1-14.

Jeanne, Olivier, “Macroprudential Policies in a Global Perspective,” NBER Working Paper No. 19967, March, 2014.

Jeanne, Olivier, and Anton Korinek, “Macroprudential Regulation Versus Mopping Up After the Crash,” NBER Working Paper No. 18675, January 2013.

Korinek, Anton, “Regulating capital flows to emerging markets: An externality view,” *Journal of International Economics* 111, March 2018, 61-80.

Lorenzoni, Guido, “Inefficient Credit Booms,” *Review of Economic Studies* 75, 2008, 809-833.

Mendoza, Enrique G., “Sudden Stops, Financial Crisis, and Leverage,” *American Economic Review* 100, December 2010, 1941-1966.

#### 6. Commodity Prices and the Terms of Trade

USG, Chapters 7 and 8

Schmitt-Grohé, Stephanie, and Martín Uribe, “How Important Are Terms of Trade Shocks,” *International Economic Review* 59, February 2018, 85-111.

Fernández, Andrés, Stephanie Schmitt-Grohé, and Martín Uribe, “World Shocks, World Prices, And Business Cycles: An Empirical Investigation,” *Journal of International Economics* 108, May 2017, S2-S14.

Broda, Christian, “Terms of trade and exchange rate regimes in developing countries,” *Journal of International Economics* 63, 2004, 31-58.

Cheng, Ing-Haw and Wei Xiong, “Financialization of Commodity Markets,” *Annual Review of Financial Economics* 6, 2014, 419-441.

Drechsel, Thomas and Silvana Tenreyro, “Commodity booms and busts in emerging economies,” *Journal of International Economics* 112, May 2018, 200-218.

Kose, M. Ayhan, “Explaining business cycles in small open economies ‘How much do world prices matter?’,” *Journal of International Economics* 56, 2002, 299-327.

Mendoza, Enrique G., “The Terms of Trade, the Real Exchange Rate, and Economic Fluctuations,” *International Economic Review* 36, February 1995, 101-137.