Meetings: Wednesdays, 2:10-4pm, 1102 IAB.


Topics To Be Covered:

1. Financial Frictions, Aggregate Instability, and Macroprudential Policy

*USG, chapter 12, “Financial Frictions and Aggregate Instability.”

Background readings:


2. Exchange Rates, Nominal Rigidities and Crises in Emerging Countries

*USG, chapter 9, “Nominal Rigidity, Exchange Rates, And Unemployment.”

*USG, chapter 10, “Exchange Rate Policy and Capital Controls.”

Background readings


3. Lending Under Imperfect Enforcement

*USG, chapter 13, “Sovereign Default.”

Background readings:


Bi, Ran, “Debt Dilution and Maturity Structure of Sovereign Bonds,” University of Maryland, February 2006.


4. Country Spreads, Terms of Trade, and Commodity Price Shocks

*USG, chapter 6, “Interest-Rate Shocks.”


*USG, chapter 8, “Nontradable Goods and the Real Exchange Rate.”

Background readings:


5. News, Noise, and Uncertainty Shocks

