



Universitat  
Pompeu Fabra  
Barcelona

# Topics in Macroeconomics VII: International Finance (preliminary)

2025-26 Academic Year

Master of Research in Economics, Finance and Management

## 1. Description of the subject

- Topics in Macroeconomics VII
  - Total credits: 3 ECTS
  - Type of subject: Optative
  - Department of Economics and Business
  - Teaching team: Fernando Broner
- Code: 32083  
Workload: 75 hours  
Term: 2nd

**Subject to change**

- **2. Teaching guide**

- **Introduction**

This class is intended for Ph.D. students interested in doing research in international finance or related fields. The content of the class will be broad, but I will not attempt to cover every single relevant topic. In particular, the class will be biased towards theory relative to empirics and towards financial markets relative to macro issues. Although I will not follow a textbook, I will cover some chapters from Obstfeld, M., and K. Rogoff, *Foundations of International Macroeconomics*, MIT Press, 1996 (OR)

Students from the Barcelona School of Economics can take this course if they receive explicit authorization from their Program Director. If their Program Director does not evaluate students in this way, then students should write to me directly, including CV, previous transcript and first-term grades.

- **Contents**

### **I. Background Reading**

Krugman, P., M. Melitz and M. Obstfeld, *International Finance: Theory and Policy*, Pearson Global Edition, 2018, Chapter 2 (an introduction to balance-of-payments accounting)

Reinhart, C., and K. Rogoff, *This Time is Different: Eight Centuries of Financial Folly*, Princeton University Press, 2009.

### **II. International Borrowing and Lending**

OR. Chapter 1.

OR. Chapter 3.

Kraay, A., and J. Ventura, "Current Accounts in Debtor and Creditor Countries," *Quarterly Journal of Economics*, 2000.

Ventura, J., "Towards a Theory of Current Accounts," *The World Economy*, 2003.

Coeurdacier, N., S. Guibaud, and K. Jin, "Credit Constraints and Growth in a Global Economy," *American Economic Review*, 2015.

### **III. International Risk Sharing**

OR. Chapter 5.

Broner, F., and J. Ventura, "Globalization and Risk Sharing," *Review of Economic Studies*, 2011.

### **IV. Capital Flows and the Effects of Financial Integration**

Caselli, F. and J. Feyrer, "The Marginal Product of Capital," *Quarterly Journal of*

*Economics*, 2007.

Prasad, E., R. Rajan and A. Subramanian, "Foreign Capital and Economic Growth," *Brookings Papers on Economic Activity*, 2007.

Kose, A., E. Prasad, K. Rogoff, and S. Wei, "Financial Globalization: A Reappraisal," *IMF Staff Papers*, 2009.

Broner, F., T. Didier, A. Erce, and S. Schmukler, "Gross Capital Flows: Dynamics and Crises," *Journal of Monetary Economics*, 2013.

Gourinchas, P. and O. Jeanne, "Capital Flows to Developing Countries: The Allocation Puzzle," *Review of Economic Studies*, 2013.

Broner, F., T. Didier, S. Schmukler, and G. von Peter, "Bilateral International Investments: The Big Sur?" *Journal of International Economics*, 2023.

## **V. Sovereign Risk**

OR. Chapter 6.1.

Aguiar, M., and G. Gopinath, "Defaultable Debt, Interest Rates and the Current Account," *Journal of International Economics*, 2006.

Arellano, C., "Default Risk and Income Fluctuations in Emerging Economies," *American Economic Review*, 2008.

Cruces, J., and C. Trebesch, "Sovereign Defaults: The Price of Haircuts," *American Economic Journal: Macroeconomics*, 2013.

Gelos, G., R. Sahay, and G. Sandleris, "Sovereign Borrowing by Developing Countries: What Determines Market Access?" *Journal of International Economics*, 2011.

Rose, A., "One Reason Countries Pay their Debts: Renegotiation and International Trade," *Journal of Development Economics*, 2005.

## **VI. International and Domestic Financial Markets**

OR. Chapter 6.4.

Broner, F., A. Martin, and J. Ventura, "Sovereign Risk and Secondary Markets," *American Economic Review*, 2010.

Reinhart, C., and K. Rogoff, "From Financial Crash to Debt Crisis," *American Economic Review*, 2011.

Martin, A. and F. Tadei, "International Capital Flows and Credit Market Imperfections: A Tale of Two Frictions," *Journal of International Economics*, 2013.

Gennaioli, N., A. Martin, and S. Rossi, "Sovereign Default, Domestic Banks and Financial Institutions," *Journal of Finance*, 2014.

Broner, F., and J. Ventura, "Rethinking the Effects of Financial Globalization," *Quarterly Journal of Economics*, 2016.

## **VII. Sovereign debt crises**

Cole, H., and T. Kehoe, "Self-Fulfilling Debt Crises," *Review of Economic Studies*, 2000.

Jeanne, O., "Debt Maturity and the International Financial Architecture," *American Economic Review*, 2009.

Arellano, C., and A. Ramanarayanan, "Default and the Maturity Structure of Sovereign Bonds," *Journal of Political Economy*, 2012

Broner, F., G. Lorenzoni, and S. Schmukler, "Why Do Emerging Economies Borrow Short Term?" *Journal of the European Economic Association*, 2013.

Broner, F., A. Erce, A. Martin, and J. Ventura, "Sovereign Debt Markets in Turbulent Times: Creditor Discrimination and Crowding-Out Effects," *Journal of Monetary Economics*, 2014

Acharya, V., I. Drechsler, and P. Schnabl, "A Pyrrhic Victory? Bank Bailouts and Sovereign Credit Risk," *Journal of Finance*, 2014.

Reinhart, C., V. Reinhart, and K. Rogoff, "Public Debt Overhangs: Advanced-Economy Episodes Since 1800," *Journal of Economic Perspectives*, 2012.

OR. Chapter 6.2.

Krugman, P., "Reducing Developing Country Debt," in Currencies and Crises, MIT Press, 1992.

Reinhart, C., and C. Trebesch, "Sovereign Debt Relief and its Aftermath," *Journal of the European Economic Association*, 2016.

Rogoff, K., "Emerging market sovereign debt in the aftermath of the pandemic," *Journal of Economic Perspectives*, 2022.

- **Assessment**

Final Exam