



TOPICS IN INTERNATIONAL MACROECONOMICS
SYLLABUS

Basic Information

- **Schedule:** Monday - Friday, **Room:** Javier Marquez (and also online)
- **Contact Information:** Pablo A. Guerron Quintana, Office, Email: guerron@bc.edu
- **Office Hours:** by appointment only.

Course Description

In this course, we will study topics in international macroeconomics, monetary economics, and rational bubbles.

The first part of the course is devoted to analyze the economics of small open economies. Although you may have studied some special cases of small countries (such as sovereign default), there are many features of small open economies that are different from closed economies.

In the second half, you will be introduced to models with nominal frictions and unemployment as well as models featuring rational bubbles.

Topics

Economics of Small Economies

In this part of the course, we will study the economics of countries that are considered small in the world. Examples of these countries include Australia, Canada, Mexico, and Thailand. But they are not equal so we will study differences between emerging and developed economies. The list of topics includes:

- Business cycles in emerging and developed SOEs ([Neumeyer and Perri, 2005](#)).
- What accounts for different business cycles in emerging and developed countries? ([Aguiar and Gopinath, 2007](#)), ([Garcia-Cicco, Pancrazi, and Uribe, 2010](#)), ([Mendoza, 1991](#)).
- Closing small open economies ([Schmidt-Grohe and Uribe, 2017](#)).
- Introducing default in models with business cycles ([Gordon and Guerron-Quintana, 2018](#)), ([Gordon and Guerron-Quintana, 2017](#)), ([Mendoza and Yue, 2012](#)), ([Gordon and Guerron-Quintana, 2021](#)).
- Risk and sudden stops in small open economies ([Fernandez-Villaverde, Guerron-Quintana, Rubio-Ramirez, and Uribe, 2011](#)), ([Gordon and Guerron-Quintana, 2018](#)), ([Mendoza, 2010](#)), ([Cai and Guerron-Quintana, 2023](#)).

Nominal Frictions and Rational Bubbles

In this part of the course, we will study the impact of monetary shocks and nominal frictions on business cycles. Given recent developments in policy making, we will explore the role of monetary policy in stabilizing employment and inflation. Issues like the zero lower bound, optimal monetary policy, and the role of rational bubbles in financial crisis will be considered.

- Optimal monetary policy in closed and open economies ([Gali, 2015](#)), ([Walsh, 2010](#)), ([Woodford, 2003](#)).
- Unemployment and monetary policy — an introduction to search/matching models Chapter 6 in ([Sargent and Ljungqvist, 2010](#)), ([Blanchard and Gali, 2010](#)), ([Shimer, 2010](#)).
- Zero lower bound ([Woodford, 2011](#)), ([Fernandez-Villaverde, Gordon, Guerron-Quintana, and Rubio-Ramirez, 2015a](#)), ([Fernandez-Villaverde, Guerron-Quintana, Kuester, and Rubio-Ramirez, 2015b](#)), ([Christiano, Eichenbaum, and Trabandt, 2014](#)).
- Financial crisis and bubbles ([Guerron-Quintana and Jinnai, 2018](#)) and ([Martin and Ventura, forthcoming](#)).

References

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