Grading: 1/2 from problem sets and 1/2 from in class final exam

All problem sets must be typed and submitted as .pdfs by email

1. Background: International Business Cycle Models

Preliminaries:


Overviews:


Liquidity Effects and the Forward Premium


Sticky price models:


Obstfeld and Rogoff. *Foundations of International Macroeconomics*, Chapters 9 and 10. (Useful background)


Kehoe, Patrick and Virgiliu Midrigan, Heterogeneity and Real Exchange Rates, from my website

2. Monetary Policy

Calvo, Guillermo. Fixed vs. Flexible Exchange Rates. Preliminaries of a Turn-of-Millennium Rematch. Also see: Capital Market And The Exchange Rate With Special Reference to the Dollarization Debate in Latin America (http://www.bsos.umd.edu/econ/ciecrp.htm)

Andrew Atkeson, V.V. Chari, Patrick Kehoe. The Advantage of Transparent Instruments of Monetary Policy. From my website


3. Enforcement Problems

Chapter 20, Lundquist and Sargent


4. **Herds**


Chari V.V. and Patrick Kehoe. On the Robustness of Herds, fed website, forthcoming *Journal of Economic Theory*.