

Barcelona GSE
ITFD, Fall 2014

International Finance

Prof. Jaume Ventura

This course examines the basic models of international finance, emphasizing both their theoretical foundations and their empirical relevance. The course also includes some applications of these models to current debates about the world economy. All readings below are required.

0. Background reading

Obstfeld, M. and A. Taylor, *Global Capital Markets: Integration, Crisis and Growth*, Cambridge University Press, 2004.

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

1. Basic theory

Lecture notes.

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

Obstfeld, M., and K. Rogoff, *Foundations of International Macroeconomics*, MIT Press, 1996. Chapter 5.

2. What are the effects of financial integration?

Gourinchas, P.O. and O. Jeanne, “The Elusive Gains from Financial Integration,” *Review of Economic Studies*, 2006.

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

Henry, P.B., “Capital Account Liberalization: Theory, Evidence and Speculation,” *Journal of Economic Literature*, 2007.

Broner, F. and J. Ventura, “Rethinking the Effects of Financial Liberalization,” working paper, 2014.

Martin, A. and J. Ventura, “Asset Bubbles and Sudden Stops in a Small Open Economy,” working paper, 2014.

3. Is the world capital stock well allocated?

Lucas, R., “Why Doesn’t Capital Flow from Rich to Poor Countries?,” *American Economic Review*, 1990.

Banerjee, A. and E. Duflo, “Growth Theory Through the Lenses of Development Economics,” in P. Aghion and S. Durlauf (eds.) *Handbook of Economic Growth*, Elsevier 2005.

Caselli, F. and J. Feyrer, “The Marginal Product of Capital,” *Quarterly Journal of Economics*, 2007.

Gourinchas, P.O. and O. Jeanne, “Capital Flows to Developing Countries: The Allocation Puzzle,” *Review of Economic Studies*, 2012.

Alfaro, L., S. Kalemli-Ozcan and V. Volosovych, “Sovereigns, Upstream Capital Flows and Global Imbalances,” working paper, 2013.

Matsuyama, K., “Institution-Induced Productivity Differences and Patterns of International Capital Flows,” *Journal of the European Economic Association*, 2014.

Martin, A. and J. Ventura, “Financial Reforms and Capital Flows: Insights from General Equilibrium,” in R. Caballero and K. Schmidt-Hebbel (eds.) *Economic Policy in Emerging Economies*, Central Bank of Chile, forthcoming.