Sovereign Debt and International Financial Markets

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Prerequisites to Enroll
None

Overview and Objectives

This course provides the analytical and empirical tools necessary to address these questions: Why do countries borrow? Why do they repay their debts in the absence of international courts? What is the effect of international borrowing on domestic financial markets and macroeconomic stability? Why do countries often borrow too much? Is there a role for capital controls? Under what conditions is debt forgiveness optimal? What is the optimal way of restructuring defaulted debts? What happened during the European sovereign debt crisis?

Course Outline and Materials

I. Background Reading


* Reinhart, C., and K. Rogoff, This time is different: Eight centuries of financial folly, Princeton University Press, 2009

II. Why countries repay their debts? Sanctions and reputation

* Obstfeld, M., and K. Rogoff, Foundations of International Macroeconomics, Ch. 6.1


**III. International and domestic financial markets**

* Obstfeld, M., and K. Rogoff, *Foundations of International Macroeconomics*, Ch. 6.4


**IV. International financial architecture**


Sovereign Debt and International Financial Markets


**Evaluation**

Final exam (80%), problem sets (20%)
Competences

☐ To (be able to) communicate with determination and in the English Language, the results and implications of the required analytical study using a language that the receiver can relate to.

☐ To work within a heterogeneous team of researchers as economic analyst using specific group techniques.

☐ To fit in diverse professional environments and varied types of collaborations in different professional projects.

☐ To possess and understand the knowledge that provides a basis or opportunity to be original in the development and/or application of ideas, often in a research context.

☐ That students know how to apply the acquired knowledge and their ability to solve problems in new or unfamiliar environments within broader (or multidisciplinary) contexts related to their field of study.

☐ That the students be able to integrate knowledge and face the complexity of making judgments based on information that, being incomplete or limited, include reflections on the social and ethical responsibilities linked to the application of their knowledge and judgments.

☐ That the students be able to communicate their conclusions and the knowledge and the ultimate reasons that sustain them to both, specialized and non-specialized publics in a clear and unambiguous way.

☐ That students possess the learning skills that allow them to continue studying in a way that will be largely self-directed or autonomous.

☐ To identify and apply the insights of the theory, the models, and the analytical tools of modern economy to its global dimension.

☐ Understand and apply economic theory related to the regulation of markets and competition policy.

☐ Understand and apply the economics of international trade and finance and economic development.

☐ To understand and apply the quantitative methods used to solve complex problems of the economy.

☐ To evaluate, with theoretical and quantitative instruments, the complex realities of the
Sovereign Debt and International Financial Markets

economy to understand the way it works.

Learning Outcomes

☐ Deep knowledge of the economics of international trade, finance and development.

☐ Applies economic concepts to economic pressure policy problems related to growth, economic stability and poverty.

☐ Analyze economic data rigorously.
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