

International Financial Policy 33502
Brent Neiman
Syllabus, Spring 2026

Where to find readings:

- 1) Items denoted with **(KOM)** refer to readings in Krugman, Obstfeld, and Melitz, *International Economics: Theory & Policy*. Addison-Wesley: New York. I will reference the 12th edition. The 10th /11th are worse, but still fine.
- 2) Items denoted with **(WEB)** are found in the "Readings from Web" on Canvas.
- 3) Items denoted with **(LIB)** are found in the "Readings from Library" on Canvas.
- 4) Sample (and actual, after they've been taken) Quizzes, Midterm Exam, and Final Exam can be found in the appropriate sections of Canvas.

The content for most weeks will be divided into two parts. For clarity, the readings and information for these two parts for each week is listed on a separate page of this syllabus.

Week 1

Part 1: Course and Administrative Overview, and Intro to Nominal Exchange Rates

1. **KOM:** Chapter 14, "Exchange Rates and the Foreign Exchange Market: An Asset Approach." Introduction through Section 14.3: The Demand for Foreign Currency Assets.

Part 2: Passthrough, Currency Choice, and Hedging

1. **LIB:** Eun, Cheol and Bruse Resnick, "Management of Transaction Exposure," *International Financial Management*.
2. **WEB:** Crowley, Meredith, Han, Lu, and Giancarlo Corsetti, "Dollars and Sense: The sterling depreciation and UK price competitiveness." 2019.

Week 2

- **Quiz 1**

Part 1: UIP, Currency Regimes, and the Impossible Trinity

1. **KOM:** Chapter 14, "Exchange Rates and the Foreign Exchange Market: An Asset Approach." Section 14.4: Equilibrium in the Foreign Exchange Market.
2. **KOM:** Chapter 15, "Money, Interest Rates, and Exchange Rates." Introduction through Section 15.5: The Money Supply and the Exchange Rate in the Short Run.
3. **KOM:** Chapter 18, "Fixed Exchange Rates and Foreign Exchange Intervention." Introduction through Section 18.4: Stabilization Policies with a Fixed Exchange Rate.
4. **KOM:** Chapter 19, "International Monetary Systems: An Historical Overview." Introduction through Section 19.2: Classifying Monetary Systems: The Open-Economy Monetary Trilemma.
5. **WEB:** World Economic Forum, 2024. "Carry trades: What are they and why are they impacting the global economy?"

Part 2: Optimal Currency Areas

1. **KOM:** Chapter 21, "Optimum Currency Areas and the Euro."
2. **WEB:** Krugman, Paul, 2010. "A Money Too Far." NY Times, May 6.
3. **WEB:** Macchiarelli, Corrado and Fotis Mitropoulos, 2019. "Labor markets and optimum currency areas: Lessons for the euro area from China and the U.S." LSE European Politics Blog.

Week 3

- **Quiz 2**

Part 1: The Real Exchange Rate

1. **KOM:** Chapter 16, "Price Levels and the Exchange Rate in the Long Run." Introduction through Section 16.5: Explaining the Problems with PPP.
2. **WEB:** Pakko, Michael and Patricia Pollard, 2003. "Burgernomics: A Big Mac Guide to Purchasing Power Parity," FRB St. Louis Review, November/December.

Part 2: Currency Crises and External Debt

1. **KOM:** Chapter 22.3, "Developing-Country Borrowing and Debt." Note this is only a subsection of Chapter 22, you do not need to read the whole thing.
2. **LIB:** Goldfajn, Ilan, and Rodrigo Valdes, 1999, "The Aftermath of Appreciations," *The Quarterly Journal of Economics*.
3. **WEB:** Krugman, Paul, 1997. "Currency Crises," Unpublished Web Notes.
4. **WEB:** Brooks, Robin, 2024. "Fear or floating exchange rates in emerging markets." Brookings Blog Post.

Week 4

- **Quiz 3**

Part 1: The IMF

1. **WEB:** Council on Foreign Relations, 2023. “What is the IMF?”
2. **WEB:** Neiman, Brent, 2022. “Remarks on Sovereign Debt Landscape”, Speech at Peterson Institute for International Economics, September.
3. **WEB:** Blanchard, Olivier, 2015. “Greece: Past Critiques and the Path Forward.” IMF Blog.
4. **WEB:** Balestrini, Teresa, 2025. “Sovereign Defaults: Maturity Choice and Conditionality”. Working paper.
5. **WEB:** Horn, Sebastian, Parks, Bradley, Reinhart, Carmen, and Christoph Trebesch. 2023. “China as an International Lender of Last Resort.” World Bank Research Paper.

Part 2: Argentina

1. **LIB:** De La Torre, Augusto, Levy Yeyati, Eduardo, and Sergio Schmukler, 2003. “Living and Dying with Hard Pegs: The Rise and Fall of Argentina’s Currency Board.” *Economia*.
2. **WEB:** Werner, Alejandro, 2025. “The Argentina-IMF saga starts a new season.” PIIE Realtime Economics Blog.
3. **WEB:** Obstfeld, Maurice, 2025. “Argentina’s credibility trap.” PIIE Realtime Economics Blog.
4. **WEB:** Congressional Research Service, 2025. “U.S. Financial Support to Argentina.”

Part 3: Midterm Details and Review¹

¹ Note that next week Part 2 readings, though not on the midterm, must be done in advance. They are short.

Week 5

Part 1: Midterm Exam

Part 2: Guest Lecture: IMF and Ukraine, Vladyslav Rashkovan, IMF Alt. Executive Director

- 1. WEB:** International Monetary Fund, 2025. “Ukraine: Eighth Review Under the Extended Arrangement Under the Extended Fund Facility.” Prior to the lecture, you only need to read the Executive Summary (pages 1-2). Before the end of the class, though, you should read the whole thing.
- 2. WEB:** Gopinath, Gita, 2024. “Navigating Fragmentation, Conflict, and Large Shocks.” Remarks at the NBU-NBP Annual Research Conference.
- 3. WEB:** Neiman, Brent, 2024. “The Economic Front in Ukraine.” Remarks at the Atlantic Council.

Week 6

Part 1: CIP, Swap Lines, and the Role of the US Dollar

1. **KOM:** Chapter 14, "Exchange Rates and the Foreign Exchange Market: An Asset Approach." Section 14.5: Forward Exchange Rates and Covered Interest Parity.
2. **WEB:** Bertaut, Carol, von Beschwitz, Bastian, and Stephanie Curcuru, 2025. "The International Role of the U.S. Dollar – 2025 Edition."
3. **WEB:** Krishnamurthy, Arvind, and Hanno Lustig, 2019. "Mind the Gap in Sovereign Debt Markets: The U.S. Treasury Basis and the Dollar Risk Factor". *Jackson Hole Paper*.
4. **WEB:** Loa, Tristan and David Wessel, 2025. "What are Federal Reserve swap lines?" *Brookings Commentary*.
5. **LIB:** Kekre, Rohan and Moritz Lenel, 2025. "The High Frequency Effects of Dollar Swap Lines." *American Economic Review: Insights*.

Part 2: Cross-Border Payments, AML/CFT, and Stablecoins

1. **WEB:** Bank of England, 2026, "Cross-border payments".
2. **WEB:** Congressional Research Service, 2022. "Overview of Correspondent Banking and "De-Risking" Issues.
3. **WEB:** Schott, Paul Allan, 2006. "Reference Guide to Anti-Money Laundering and Combating the Financing of Terrorism." *The World Bank and IMF*. This document is very long – as we approach Week 6, I will clarify which pages I'll ask you to read.
4. **WEB:** Wells, Matthew, 2025. "Stablecoins and Financial Stability." Federal Reserve Bank of Richmond, *Econ Focus*.
5. **WEB:** Spira, Jack and David Wessel, 2025. "What are stablecoins, and how are they Regulated?" *Brookings Commentary*.
6. **WEB:** Neiman, Brent, 2024. "The U.S. Cross-Border Payments Agenda," Speech at the Federal Reserve Bank of New York, November.

Week 7

- Quiz 4

Part 1: The Current Account

1. **KOM:** Chapter 13, "National Income Accounting and the Balance of Payments."

Part 2: Sustainability and the Exorbitant Privilege

1. **WEB:** Bayoumi, Tamim, and Joseph E. Gagnon, 2025. "The US Trade Deficit and Foreign Borrowing: How Long Can it Continue?" *PIIE Working Paper*.
2. **WEB:** [OPTIONAL] IMF / World Bank Interactive Guide on Debt Sustainability Framework for Low-Income Countries. There are 10 "Stations" that you click through at the bottom of the screen.
3. **WEB:** [OPTIONAL] CountryRisk.io, 2025. "Introducing the CountryRisk.io Debt Sustainability Analysis (DSA) Toolkit".

Week 8

- **Quiz 5**

Part 1: The U.S. Trade Deficit

1. **WEB:** Obstfeld, Maurice, 2025. "The US Trade Deficit: Myths and Realities." *Brookings Papers on Economic Activity, Spring*.
2. **WEB:** Neiman, Brent, 2025. "Comment on Maurice Obstfeld's 'The US Trade Deficit: Myths and Realities.'" *Brookings Papers on Economic Activity, Spring*.

Part 2: Tariffs

1. **LIB:** Cavallo, Alberto, Gopinath, Gita, Neiman, Brent, and Jenny Tang, 2021. "Tariff Passthrough at the Border and at the Store: Evidence from US Trade Policy." *American Economic Review: Insights*.
2. **LIB:** Neiman, Brent, 2025. "The Trump White House Cited My Research to Justify Tariffs. It Got it All Wrong." *New York Times* Op-Ed, April 7.
3. **WEB:** Gopinath, Gita and Neiman, Brent, 2026. "The Incidence of Tariffs: Rates and Reality." Working Paper.
4. **WEB:** [OPTIONAL] Neiman, Brent, 2025. "Tariffs, Trade, and a Misused Model." The PIE podcast.
5. **WEB:** [OPTIONAL] Neiman, Brent, 2026. "Who Really Paid for the Tariffs? Liberation Day's Economic Aftermath." The PIE podcast.

Week 9

- **Quiz 6**

Part 1: Sanctions

1. **WEB:** Itskhoki, Oleg, and Elina Ribakova, 2024. “The Economics of Sanctions: From Theory Into Practice.” *Brookings Papers on Economic Activity, Fall*.
2. **WEB:** Waite, Jason. M., Frey, Brian D., and Alex Shattock, 2022. “Russian Bond Default and CDS Credit Event: How Did We Get Here and Where Are We Going?” Alston & Bird.
3. **WEB:** Conner, Alexander, and David Wessel, 2025. “What is the status of Russia’s frozen sovereign assets?” *Brookings Commentary*.

Part 2: Geoeconomics and Global Fragmentation

1. **WEB:** Gopinath, Gita, Gourinchas, Pierre-Olivier, Presbitero, Andrea F., and Petia Topalova, 2024. “Changing Global Linkages: A New Cold War?”. *IMF Working Paper*.
2. **WEB:** Clayton, Christopher, Maggiori, Matteo, and Jesse Schreger, 2024. “Economic Coercion and Fragmentation.” *Non-Technical Brief*.
3. **WEB:** Clayton, Christopher, Maggiori, Matteo, and Jesse Schreger, 2024. “A Framework for Geoeconomics.” *Non-Technical Brief*.