

CREI Lectures in Macroeconomics 2018

Dominant Currency Paradigm

Gita Gopinath

Harvard University



November 14-16, 2018, 13:00
Auditorium Mercè Rodoreda (24S018)
UPF Ciutadella



Centre de Recerca
en Economia Internacional



Ramon Trias Fargas, 25-27
E-08005 Barcelona
Tel. (34) 93 542 13 88
Fax: (34) 93 542 28 26
crei@crei.cat
www.crei.cat



Centre de Recerca
en Economia Internacional

CREI Lectures in Macroeconomics

The Centre de Recerca en Economia Internacional (CREI) is a research centre sponsored by Universitat Pompeu Fabra (UPF) and Generalitat de Catalunya. It is located on the main UPF campus in Barcelona.

The CREI Lectures in Macroeconomics is a series of biennial lectures, with support from Princeton University Press. They are given by a “young senior scholar”, who has recently made a major, focused contribution to macroeconomics or international economics. The lectures will provide a high-level summary of recent work that has already had a large impact on the profession. Princeton University Press has agreed to publish a series of CREI Lectures in Macroeconomics.

Gita Gopinath

Gita Gopinath is the John Zwaanstra Professor of International Studies and of Economics at Harvard University. Her research focuses on International Finance and Macroeconomics. She is co-director of the International Finance and Macroeconomics program at the National Bureau of Economic Research, a visiting scholar at the Federal Reserve Bank of Boston, member of the economic advisory panel of the Federal Reserve Bank of New York, Economic Adviser to the Chief Minister of Kerala state (India), a co-editor of the *American Economic Review*, co-editor of the current *Handbook of International Economics* and was managing editor of the *Review of Economic Studies*. She also served as a member of the Eminent Persons Advisory Group on G-20 Matters for India's Ministry of Finance. In 2018 she was elected a fellow of the *American Academy of Arts and Sciences*. In 2017 she received the Distinguished Alumnus Award from the *University of Washington*. In 2014, she was named one of the top 25 economists under 45 by the *IMF* and she was chosen as a Young Global Leader by the *World Economic Forum* in 2011. Before coming to Harvard, she was an assistant professor of economics at the *University of Chicago's Graduate School of Business*.

Some of her recent publications include:

- “Capital Allocation and Productivity in South Europe.” (with Sebnem Kalemli-Ozcan, Loukas Karabarbounis, and Carolina Villegas-Sanchez). *Quarterly Journal of Economics*, 2017, 132 (4): 1915-1967
- “The International Price System” *Jackson Hole Symposium Proceedings*. 2016.
- “Coordination and Crisis in Monetary Unions,” (with, Mark Aguiar, Manuel Amador and Emmanuel Farhi), *Quarterly Journal of Economics*, November 2015, Vol 130, 1727-1779.
- “Fiscal Devaluations” (with Emmanuel Farhi and Oleg Itskhoki) *Review of Economic Studies*, April 2014, Volume 81 (2)

- “Trade Adjustment and Productivity in Large Crises” (with Brent Neiman) *American Economic Review*, March 2014, Volume 104 (3)
- “International Prices and Exchange Rates,” (with Ariel Burstein) Gopinath, G., Helpman, E., & Rogoff, K. (Eds.): *Handbook of International Economics* Volume 4, 2014. Amsterdam: Elsevier

Dominant Currency Paradigm

Standard Keynesian open economy macroeconomics rests on tenuous assumptions. While most trade is invoiced in very few currencies, such as the dollar, the canonical Mundell-Fleming benchmark and its variants instead assume that prices are set in the producer's currency or in local currency. These lecture series will present an alternative paradigm called the ‘dominant currency paradigm’ (DCP) characterized by pricing in a dominant currency. We will explore empirical evidence, theoretical models, and positive and normative implications of this paradigm.

Lecture 1 (title) “International Prices and Exchange Rates: Empirical Evidence”

Lecture 2 (title) “Model of DCP and Policy Implications”

Lecture 3 (title) “Banking, Trade, and the Making of a Dominant Currency”

Readings:

Gopinath, Gita, and Jeremy Stein. Working Paper. “Banking, Trade and the Making of a Dominant Currency”.

Schedule

November 14th, 13:00 – 14:15
November 15th, 13:00 – 14:15
November 16th, 13:00 – 14:15

Boz, Emine, Gita Gopinath, and Mikkel Plagborg-Moller. 2017. “Global Trade and the Dollar”

Casas, Camila, Federico Diez, Gita Gopinath, and Pierre-Olivier Gourinchas. 2016. “Dominant Currency Paradigm”.

Gopinath, Gita. 2016. “The International Price System.” Jackson Hole Symposium Proceedings.

Barbiero, Omar, Emmanuel Farhi, Gita Gopinath, and Oleg Itskhoki. Forthcoming. “The Macroeconomics of Border Taxes.” NBER Macroeconomics Annual.

Gopinath, Gita, and Jeremy Stein. Forthcoming. “Trade Invoicing, Bank Funding, and Central Bank Reserve Holdings.” *American Economic Review Papers and Proceedings*.

Gopinath, Gita, Oleg Itskhoki, and Roberto Rigobon. 2010. “Currency Choice and Exchange Rate Pass-through.” *American Economic Review* 100 (1): 304-336.