

Katrin Rabitsch

Economics Department, European University Institute
E-mail : katrin.rabitsch@eui.eu

Current contact address: Research Institute for European
Affairs, Department of Economics, Vienna
University of Economics and Business
Administration, Althanstrasse 39-45, A-1090
Vienna, Austria
Tel.: +43 1 31336 4141
Fax: +43 1 31336 758

EDUCATION

- **European University Institute, Department of Economics**, Florence, Italy, October 2003-
PRESENT
 - *Ph.D. Candidate (Degree expected January, 2008)*
Supervisor: Professor Giancarlo Corsetti
2nd Reader: Professor Rick van der Ploeg
Thesis Title: Essays in International Macroeconomics
 - *MRes in Economics (2003-2004)*
- **University of California, Berkeley, Department of Economics**, Berkeley, CA, September-
December 2005
 - *Visiting Research Scholar*, in the framework of the European University Institute's
Exchange program for Ph.D. students
- **University Pompeu Fabra, Department of Economics**, Barcelona, Spain, September 2002-
June 2003
 - *M.Sc. in Economics*
- **Vienna University of Economics and Business Administration**, Vienna, Austria, October
1997- January 2002
 - *Undergraduate Studies in Economics*; Fields of Specialization: Econometrics, Finance
and Financial Markets
- **New York University, Stern School of Business**, New York, NY, September-December
1999
 - *Exchange semester* during undergraduate studies (in the MBA-program of Stern).

FIELDS OF INTEREST

- International Finance
- Open Economy Macroeconomics
- Macroeconomic theory
- Dynamic stochastic general equilibrium modelling and business cycles

AWARDS

- European University Institute 4th Year Grant 2006-Present
- European University Institute Scholarship to visit the Economics Department at University of California, Berkeley, Fall 2005
- Postgraduate Research Scholarship of the Austrian Ministry of Education, Science and Art, 2003-2006
- Talenta Award for best theses of academic year 2002 of the Vienna University of Economics and Business Administration
- Joint Study Scholarship for exchange semester from Vienna University of Economics and Business Administration, Fall 1999
- Award of the Austrian Ministry of Science and Transport for outstanding undergraduate performance, June 1999

RESEARCH

- "**An estimated DSGE model of a Small Open Economy in the EMU: The Austrian Case**", work in progress
- "**Capital Liberalization and the U.S. external imbalance**" (joint work with Elvira Prades), Job Market paper
- "**Can we address international pricing puzzles 'by force of habit'?**", work in progress
- "**Eastern European Integration and Tax Competition**", SFB International Tax Coordination Discussion Paper Nr. 26 (2007)
- "**Wealth Effects and Exchange Rate Movements in the International Adjustment Mechanism.**" 2005, unpublished manuscript
- "**The New Economy – A comprehensive challenge of a claimed paradigm on the basis of the U.S. economy in the 1990s.**" 2002, (Diploma thesis) mimeo

PROFESSIONAL EXPERIENCE

- October 2007-August 2008: University Assistant/ Assistant Professor at the Research Institute for European Affairs ('Europainstitut'), Vienna University of Economics and Business Administration.
- July-September 2006 and July-September 2007: Research Assistance at the Special Research Program on International Tax Coordination, Vienna University of Economics and Business Administration.
- April-August 2002: Research Assistance at the Austrian Institute of Economic Research (WIFO), Tourism and Leisure Economics.
- January - June 2001: Teaching Assistant/ Tutor in an introductory economics course (Micro- & Macroeconomics) at Vienna University of Economics and Business Administration, Department of Process-oriented Economics.
- July- September. 2000: Internship at the Economic Research Department of Dresdnerbank AG, in Frankfurt am Main, Germany.
- January-February 2000: Internship at RZB Finance LLC (subsidiary of Raiffeisen Zentralbank Austria), in New York, NY.
- July 1999: Internship at the Federation of Austrian Industries, in Vienna, Austria.
- July 1998: Internship at the European University Center for Peace Studies, in Stadtschlaining, Austria.

PERSONAL INFORMATION

- Citizenship: Austrian
- Date of Birth: 22 May 1979
- Languages: German (native), English (fluent), Italian and Spanish (good), French (basic)
- Computing Skills: Matlab, Stata, Gauss, Eviews, Tex/Latex, JMulTi, MS Office

REFERENCES

Professor Giancarlo Corsetti
Department of Economics
European University Institute
Villa San Paolo, Via della Piazzuola 43
50133 Florence, Italy
Tel: +39-055-4685-760/914; E-mail: giancarlo.corsetti@eui.eu
www.eui.eu/Personal/corsetti/

Professor Rick van der Ploeg
Department of Economics
European University Institute
Villa San Paolo, Via della Piazzuola 43
50133 Florence, Italy
Tel: +39-055-4685-759/745; E-mail: rick.vanderploeg@eui.eu
www.eui.eu/Personal/RickvanderPloeg

JOB MARKET PAPER ABSTRACT

Capital liberalization and the U.S. external imbalance

Differences in financial systems are often named as prime candidates for being responsible for the current state of world global imbalances. This paper argues that the process of capital liberalization and, in particular, the catching up relative to the US of other advanced and emerging market economies in terms of financial account openness can explain a substantial fraction of the current US external deficit. We assess this link in a simple two country one good model with an internationally traded bond. Capital controls are reflected in the presence of borrowing and lending constraints on that bond. A reduction in the foreign country's (RoW) constraint on capital outflows enables the domestic economy (US) to better insure against consumption risk and therefore decreases its motives for precautionary asset holdings relative to the rest of the world. As a result, the US runs a long run external deficit.

JEL-Codes: F32, F34, F41

Keywords: Capital Liberalization, External Imbalances, Precautionary Savings, Net Foreign Asset Position