Econ. S328-01
Topics in International Economics
Miguel D. Ramirez

- Required Texts:


- General Comments.

This seminar is divided into four sections. The first section introduces the student to the basic trade model as well as recent and important extensions such as intra-industry trade, strategic trade, the new economic geography, and the rise of offshoring. It also examines the political economy of trade policy, beginning with a discussion of the relative benefits and costs of tariffs (quotas) and ending with a critical evaluation of more recent forms of trade protectionism such as antidumping laws and selective subsidies. Finally, it addresses issues related to trade creation and diversion resulting from the creation of regional trading blocs such as NAFTA and the EU, as well as the proposed FTAA.

Section II delves into important and controversial questions such as whether universal labor standards belong on the international trade agenda and whether the rapid pace of international trade and finance has been responsible for the growing economic divergence and rising income and wage inequality observed both between and within countries. The third section introduces students to the workings of foreign exchange markets in highly integrated capital markets, and addresses the issue of whether exchange rate volatility has been “excessive.” The final section turns its attention to the underlying economic and institutional causes of the Mexican, Asian, Russian, Argentinian, and U.S. economic and financial crises. It presents alternative explanations which contend that these crises, particularly the Asian crisis, would have taken place even if their currencies were not “overvalued” and their pre-crisis monetary and fiscal policies were viewed as “credible” by market participants. This section also addresses the political economy of European economic and monetary integration and the prospects for the euro in light of the ongoing economic crisis in Greece and other eurozone nations.

- Course Requirements

During the summer term you will be required to write at least two short critical discussion papers and a term paper on a selected economic problem and/or issue pertaining to the international economy. Details on the nature and length of the term paper will be handed out by the end of the third week of classes. At most, three problem sets will be assigned to make sure that students can apply the economic concepts developed in class. Class participation will be encouraged via class discussion and presentation of the assigned articles by selected students.
• **Course Grades**

The weights attached to the components of your final grade are as follows:

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<thead>
<tr>
<th>Weights (%)</th>
<th>Dates</th>
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<tbody>
<tr>
<td>Discussion papers</td>
<td>40</td>
</tr>
<tr>
<td>Class participation</td>
<td>10</td>
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<tr>
<td>Problem sets</td>
<td>20</td>
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<td>Term paper</td>
<td>30</td>
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My office at Yale has yet to be assigned and I will be available for consultation by appt. My office phone number at Yale is yet to be determined and at Trinity College it is 860-297-2487. I will answer email messages only if they pertain to substantive material discussed in class. One final note. Please TURN OFF your cell phones, I-phones and other electronic devices; you may use your laptops ONLY for class discussion. Also, please REFRAIN from getting up in class unless it is absolutely necessary—it is disruptive to both your fellow classmates and instructor. The e-mail address is: miguel.ramirez@trincoll.edu or miguel.ramirez@yale.edu.

• **General Schedule**

I. **Issues and Problems in International Trade Theory and Policy: July 4th – July 11th.**

- Reading Materials (RM): Krugman, Chang and Grossman; Mah, Rodrick, and Hanson; Zhu and Tokarick; Blinder; Grossman and Rossi-Hansberg.
- Irwin: Chps. 1, 2, and 3.

Suggested Readings:


II. Globalization, Trading Blocks, and Inequality: July 11th - July 18th.

· RM: Venables and Feenstra; Brown and Dehejia and Samy; Hanson, Villarreal, and Weisbrot.
· Irwin: Chps. 4, 5 and 6.

Suggested Readings:


III. Exchange Rate Regimes, Speculative Capital Flows, and Volatility: July 18th - July 25th

· RM: Fischer, Friedman, Hanke, Vernango; Wang, Makin and Cline; Calvo and Mishkin.

Suggested Readings:


**IV. Financial Crises, Contagion, and Prospects for the Euro: July 25th – August 3rd.**

- RM: Whitt; Marshall; Kaminsky and Reinhart; Reinhart and Rogoff; Arghyrou and Weisbrot; Yates and Bird and Rajan; Edwards, Montecino, and Reinhart and Trebesch.

**Suggested Readings:**


