This is the second half of the course whose first half has been taught by Fernando A. Broner.

Course Description:

We economists traditionally divide the general field of International Economics into two subfields: International Finance and International Trade. In this course we begin by ignoring this division. We will start by studying models from International Trade — the Ricardian model and the Heckscher-Ohlin model. By emphasizing dynamic general equilibrium versions of these models, we will develop tools compatible with modern, general equilibrium macroeconomics. We specifically focus on the question of whether trade liberalization leads to increased economic growth. We then turn to more traditional topics in international finance, investigating the causes of real exchange rate fluctuations and the causes of the sharp real output drop that occurred in Argentina during its recent financial crisis.

Readings:

Copies of most of the readings will be available on the course web site:

Assignments:

There will be three problem sets. There will also be a final exam.

Grading:

The mark for each problem set will be counted once, and the mark for the exam will be counted twice, providing a total of five marks. The lowest of these marks will be dropped and the remaining marks averaged. Notice that this means that, if the lowest grade is that of the group project or of the exam, its weight will be halved, but it will not be completely dropped.

Cooperation on Assignments:

Students are permitted (and encouraged) to discuss the answers to problem sets together. Copying from another student's answers is not allowed.
Topics and Readings

1. Trade and Growth I: Specialization and Learning by Doing


2. Trade and Growth II: Specialization and Capital Accumulation


3. Capital Flows and Real Exchange Rate Fluctuations


4. The Recent Crisis in Argentina


