

SYLLABUS

Readings:

The books for this course are

J. A. Teichman, *The Politics of Freeing Markets in Latin America: Chile, Argentina, and Mexico*, University of North Carolina Press, 2001.

P.-P. Kuczynski and J. Williamson, editors, *After the Washington Consensus: Restarting Growth and Reform in Latin America*, Institute for International Economics, 2003.

P. J. Kehoe and T. J. Kehoe, editors, *Modeling North American Economic Integration*, 1995.

The last is a manuscript that will be on sale at Copies on Campus - Social Science Tower (students will be told when it is available).

It probably would also help, at least during the first five weeks of the course, to be able to look at a textbook on international trade. Some books used currently or recently at the University of Minnesota are

D. R. Appleyard and A. J. Field, *International Economics: Trade Theory and Policy*, Irwin, Second Edition, 1995.

P. R. Krugman and M. Obstfeld, *International Economics: Theory and Policy*, Addison Wesley, Sixth Edition, 2003.

J. R. Markusen, J. R. Melvin, W. H. Kaempfer, K. E. Maskus, *International Trade: Theory and Evidence*, McGraw-Hill Inc., 1995.

D. Salvatore, *International Economics*, John Wiley & Sons, Seventh Edition, 2001.

You should take a look at one or two of these books — not all of them.

Additional readings will be posted on the course web site.

Web Site:

The course web site is <http://www.econ.umn.edu/~tkehoe/classes/4421-04.html>. I will post assignments and most of the material that I distribute in class there.

Office Hours:

Wednesday, 9:00 am - 11:00 am (There is a sign-up sheet on my door.)

1168 Walter Heller Hall, 612-625-1589 (Please do not call me at home; send me an e-mail message at tkehoe@econ.umn.edu.)

Assignments:

There will be four problem sets, an in-class midterm exam, and an essay. There will not be a final exam. The essay will be a 12-15 page review of the current trade and investment policy and the prospects for the future of some country in the Americas (besides the United States), or on some other topic, as described below. It, but not the problem sets, should be typed, double spaced. All assignments must be completed in order to receive a final grade for the course.

Essay:

You are asked to write a research essay on the economy of some country, or the economies of some group of countries, in the Americas (but not the United States). One possibility would be to write a review of the recent economic history of a single country, along with a critical assessment of its current economic prospects. Another possibility would be to write an essay that focuses on a specific episode or a specific institution in a country, such as an investigation of the recent economic crisis in Argentina or a study of the effect of the real plan on inflation in Brazil. Yet a third possibility would be to study some institution or problem that overlaps country boundaries, such as the MERCOSUR trade agreement in South America or the effect of drug trafficking on the economies of countries like Peru, Colombia, and Mexico.

First, you need to come up with a topic and a preliminary list of sources. (If you would like to propose a topic that does not fit into the categories given above, please talk to me or to the teaching assistant during office hours or set up an appointment.) The topic, described in a paragraph, and the list of sources should be typewritten on one sheet of paper and submitted on 14 October. This step of the paper writing process is important. You need to identify a topic for which you can find sufficient references. You also need to begin to think about a point that you want to make in the paper, what is often referred to as the paper's argument or theme.

Second, you need to submit a first draft of your essay by 19 November. This draft will be returned to you with a written evaluation, questions, and suggestions for improvements by 30 November. The teaching assistant and I will make 15 minute individual appointments with all of the students in the course during the week of 6 December for follow-up consultation. You can also come to office hours or make an appointment with me or the teaching assistant if you need additional help or clarification.

Third and finally, you need to submit the final draft of your essay by 14 December. You will be able to pick up your essay with a written evaluation at the department office one week after the

end of the semester. 20 percent of the essay grade will be based on the topic and list of sources, 20 percent on the first draft, and 60 percent on the final draft.

Teaching Assistant:

The teaching assistant is Julian Diaz, whose office hours are Tuesday, 4:00 pm – 6:00 pm, 1068 Walter Heller Hall, 612-625- 2024, julian@ econ.umn.edu.

Grading:

Each problem set mark will be counted once, and the mark for the midterm exam and the essay will be counted three times, providing a total of ten marks. The lowest of these marks will be dropped and the remaining nine marks averaged. Notice that this means that, if the lowest grade is that of the midterm or essay, its weight will be reduced, but it will not be completely dropped. Please note that it is very easy to do extremely well on the problem sets if you keep up with the material and turn in the problem sets on time. If you do well on the problem sets, you will do well on the midterm exam. Thus, doing well on the problem sets is the key to doing well in the course. This is not a course where you can do well with a whirl of intense activity at the end of the semester.

S/N Policy:

To receive an S, you must complete all course assignments and achieve a grade of C or better.

Late Policy:

Any late assignment will be penalized 10 (out of 100) points for each class period it is late, up to a maximum of 40 points.

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.

Guidelines for Defining Scholastic Dishonesty:

The University Student Conduct Code defines scholastic dishonesty as follows:

Scholastic Dishonesty means plagiarizing; cheating on assignments or examinations; engaging in unauthorized collaboration on academic work; taking, acquiring, or using test materials

without faculty permission; submitting false or incomplete records of academic achievement; acting alone or in cooperation with another to falsify records or to obtain dishonestly grades, honors, awards, or professional endorsement; altering, forging, or misusing a University academic record; or fabricating or falsifying data, research procedures, or data analysis.

Scholastic dishonesty includes, but is not limited to, the description above. It could also be said that scholastic dishonesty is any act that violates the rights of another student with respect to academic work or that involves misrepresentation of a student's own work. Also included would be cheating on assignments or examinations, inventing or falsifying research or other findings with the intent to deceive, submitting the same or substantially similar papers (or creative work) for more than one course without consent of all instructors concerned, depriving another of necessary course materials, and sabotaging another's work. (p. 13, CLA Classroom, Grading & Examination Procedures, 2004-2005.)

Penalties for scholastic dishonesty of any kind in any course will entail an "F" for the particular assignment/exam or the course. Please check <http://www.osai.umn.edu> for information on Student Academic Misconduct.

List of Topics:

1. Traditional Arguments For and Against Free Trade

Appleyard and Field, Chapters 3, 5-8, 10.

Krugman and Obstfeld, Chapters 2-4, 6.

Markusen, Melvin, Kaempfer, and Maskus, Chapters 7-9, 11.

Salvatore, Chapters 3-6.

2. Trade Policy in Canada, Mexico, and the United States

Appleyard and Field, Chapters 13-19.

T. J. Kehoe, "A Review of Mexico's Trade Policy for 1982 to 1994," *The World Economy*, 18 (1995), 135-151.

Krugman and Obstfeld, Chapters 8-11.

Markusen, Melvin, Kaempfer, and Maskus, Chapters 15-20.

Salvatore, Chapters 8-12.

3. Applied General Equilibrium Analysis of Trade Policy and the North American Free Trade Agreement

Kehoe and Kehoe, Chapters 1 and 2.

T. J. Kehoe, “An Evaluation of the Performance of Applied General Equilibrium Models of the Impact of NAFTA,” in T. J. Kehoe, T. N. Srinivasan, and J. Whalley, editors, *Frontiers in Applied General Equilibrium Modeling: Essays in Honor of Herbert Scarf*, Cambridge University Press, forthcoming.

4. The Economics of Latin America in a Historical Context

Kuczynski and Williamson, Overview and Chapter 1-3.

Teichman, Chapter 1-3.

5. Chile and Mexico: A Comparison

R. Bergoeing, P. J. Kehoe, T. J. Kehoe, and R. Soto, “Decades Lost and Found: Mexico and Chile since 1980,” *Federal Reserve Bank of Minneapolis Quarterly Review*, 26:1 (2002), 3-30.

Teichman, Chapter 4, 6.

6. Financial Crises in Latin America

Kehoe and Kehoe, Chapter 7.

T. J. Kehoe, “What Can We Learn from the Current Crisis in Argentina?” *Scottish Journal of Political Economy*, 50 (2003), 609-633.

Teichman, Chapter 5.

7. Where Do We Go from Here?

Kuczynski and Williamson, Chapter 4-11, Appendix.

There will be a number of guest lectures on the economic history and the current trade and foreign investment policies of various countries in the Americas.