

SOME IDEAS FOR RESEARCH PROJECTS

1. **The real costs of financial crises:** Some countries that have gone through financial crises — like Mexico in 1994-1995 and Argentina 2001-present — experience large drops in real GDP. Study models that try to explain this phenomenon. Propose a new model.
2. **The costs and benefits of dollarization:** Look at the dollarization debate in Argentina. Try to set up a model to evaluate arguments. Look at the experiences of countries like Ecuador and El Salvador, which dollarized recently.
3. **World trade patterns:** Who trades with whom and how much? Investigate how the gravity “model” fits world trade flows. Investigate what are the goods that countries trade.
4. **World capital flows:** Who invests where and how much? Look at the patterns of foreign investment, both direct and portfolio investment. Re-examine Lucas’s famous question, “Why doesn’t capital flow from rich countries to poor countries?” in the wake of the explosion of “emerging markets” investment over the past decade.
5. **Industrial organization and trade liberalization:** Look at a country that has gone through trade liberalization, for which there is good industrial organization data available, such as industrial census data. What do models say should have happened to things like average firm size and the number of firms? What happened?
6. **Transnational corporations and intraindustry trade:** Study models of transnational corporations. Find data on trade within such corporations. Propose a new model.
7. **International trade and the wage gap:** Study models of the impact of international trade on income inequality. Compare the experiences of different countries. Propose a new model.
8. **International trade and the environment:** Study models of the impact of international trade on the environment. Compare the experiences of different countries. Propose a new model.
9. **Trade and growth:** What do models say should happen to developing countries that decide to liberalize their foreign trade and investment policies? Study the experiences of one or more countries.