

International Economics

This course develops the workhorse models of international economics and shows how to use them to think about real world problems. This is the first course of the graduate sequence in international economics. In the spring term, the GPEM offers advanced courses on international trade and finance.

All readings are required.

1. International Trade

Models of international trade in goods: comparative advantage and increasing returns. The volume, composition and direction of trade flows. The effects of globalization on economic growth and the world income distribution. Trade and political structure.

Maddison, A., *The World Economy: A Millennial Perspective*, OECD Development Center, 2001.

De Long, B., "Cornucopia: The Pace of Economic Growth in the Twentieth Century," NBER working paper 7602, 2000.

Pritchett, L., "Divergence, Big Time," *Journal of Economic Perspectives*, 1997.

Ventura, J., "A Global View of Economic Growth," in Aghion, P. and S. Durlauf eds. *Handbook of Economic Growth*, Elsevier, 2005. Chapter 22.

Helpman, E. "The Structure of Foreign Trade," *Journal of Economic Perspectives*, 1999.

Alesina, A., E. Spolaore and R. Wacziarg, "Trade, Growth and the Size of Countries," in Aghion, P. and S. Durlauf eds. *Handbook of Economic Growth*, Elsevier, 2005. Chapter 23.

Alesina, A. and E. Spolaore, *The Size of Nations*, MIT Press, 2003.

2. International Finance

Models of international trade in assets: borrowing and lending, and risk sharing. The current account: theory and evidence. The effects of macroeconomic shocks in the open economy. Alternative approaches to globalization: sovereign risk, credit frictions and asset bubbles. Exchange rates and inflation.

Obstfeld, M. and A. Taylor, *Global Capital Markets: Integration, Crisis and Growth*, Cambridge University Press, 2004.

Obstfeld, M. and K. Rogoff, *Foundations of International Economics*, The MIT Press, 1996. Chapters 1, 3, 5 and 6.

Ventura, J., "Towards a Theory of Current Accounts," *The World Economy*, 2003.

Broner, F., and J. Ventura, "Globalization and Risk Sharing," CEPR Discussion Paper No. 5820, 2006.

Matsuyama, K. "Financial Market Globalization, Symmetry-Breaking and Endogenous Inequality of Nations," *Econometrica*, 2004.

Ventura, J., "Bubbles and Capital Flows," CEPR Discussion Paper No. 3657, 2002.

Obstfeld, M., "International Economics: Beyond the Mundell-Fleming Model," IMF Staff Papers, 2001.