



Yale 1: Topics in International Economics

Hosted by Yale University

Course dates: 4 July – 5 August 2011

Students must arrive by Sunday 3 July. Departure: Friday 5 August, 2011 (dorms close at 6pm on Friday 5 August).

Course Description

The first section of this course 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 EEC, 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.

Section III 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”. In this connection, it discusses the pros and cons associated with imposing a small (Tobin) tax to reduce exchange rate volatility.

Section IV 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, could 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 issues related to the appropriateness of lifting (or imposing) capital controls, with particular attention to the relatively successful use of (temporary) controls by Chile, China, Colombia, and Malaysia.

Finally, Section V examines the viability of various proposals to reform the international financial system, as well as the underlying economic and financial factors responsible for the euro’s relatively strong performance vis-a-vis the dollar in recent years.

Field Trip

The program will include a welcome lunch/campus tour, and farewell dinner. In the past, the course has also included a day trip to the United Nations in New York City and a speaker series. The details of the 2011 program are currently being worked on. *Activities are subject to change.

Target Audience

Undergraduate students. This course has a prerequisite of intermediate microeconomics and macroeconomics, or equivalent.

Delivery Method, Exams & Learning Outcomes

During the summer term you will be required to write 3 short discussion papers and a major 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 in writing later in the semester. Class participation will be encouraged via class discussion of the assigned material by selected students. The weights attached to the components of your final grade are as follows:

Discussion papers	40%
Class participation	20%
Term paper	40%

Where you will stay

Please visit: <http://www.yale.edu/summer/resources1/index.html>. Because the dorms close at 6pm on Friday 5 August, past students have stayed at a hotel in New Haven on Friday night before departing or they have taken the train to New York City to sightsee for a few days. Union Station in New Haven easily connects to Grand Central Station in New York City.

Costs

Tuition fee: Waived for IARU partner students

Accommodation: USD \$2,375 (2 room & board scholarships will be provided to each IARU partner)

Field trip: N/A

Visa: SEVIS fee USD\$200. Other fees: Visa application fee, visa Issuance fee(if applicable): depends on your country of citizenship

Text books: USD\$100

Estimated living expenses: An estimate of USD\$100 per week as spending money. Cost varies by each student's personal spending habits

Further Information

Yale Summer School website: www.yale.edu/summer

Information for admitted students: <http://www.yale.edu/summer/resources1/admittedstudents.html>