

**800031 WKLA II : Trade-related and Macroeconomic Issues in Latin
American Economic Policy Making
Module: M.WiWi.VWL.0023 (Seminar)
10-11 JULY 2015**

**Trade Openness in Developing Countries:
Can Latin America (LA) Serve as a Role Model?**

Organisational issues

Please register and make a preliminary reservation of your TOPIC via Stud IP.

In order to signal your preferences, you have to register in Stud IP on the **30th of March**, go to 'Participants' – 'Functions/Groups', and choose a topic by joining a group. Only one topic per person can be chosen.

Topics are allocated according to first come, first served and priority level¹. It is important to attend the introductory meeting as the final allocation of topics will take place there and some information on the course will be given.

Reservation of a topic will only be possible starting on 30/03/2015 at 12:00 (noon; not before & only through Stud IP!).

Introductory session and final allocation of topics:

16 April 2015, 12-13h, OEC 1.163

Last possible course enrollment to earn credit points:

23 April 2015 (via FlexNow; withdrawal from the course after this date is only possible with a medical certificate)

Handing-in of seminar papers (2 hard copies):

3 July 2015 (12h), (the seminar paper counts 2/3 towards the final grade)

Sending of power point presentations via Stud IP e-mail distribution list:

8 July 2015 (12h) PPT in a printer-friendly (white background!) version; (presentation and participation in discussions count together 1/3 towards the final grade)

The BLOCK SEMINAR takes place:

10-11 July, 2015. Permanent presence during these two days is required.

Location/room on first and second day: OEC 1.163 (10 July) & OEC 1.162 (11 July)

¹ You have a high priority if you are in the 4th or 5th semester in the MA program. Therefore, please state which MA semester you are currently in and whether you are a student of MA Development Economics or MA International Economics or any other MA program.

Office hours

Feli Nowak-Lehmann

Wednesday, 11-12h (without appointment) & Thursday, 14-16h only by appointment, OEC 2.205, Tel: 0551 39-7487, fnowak@uni-goettingen.de.

Iris Butzlaff

Office hours by appointment, Heinrich-Düker-Weg 12, Raum 0.221, Tel: 0551 39-20208, ibutzla@uni-goettingen.de

List of topics

To find out who is the **supervisor** in charge for the topic, please refer to the initials FN (Feli Nowak) or IB (Iris Butzlaff).

The introductory literature (listed below) is downloadable under *documents* in Stud IP.

I. Unilateral trade liberalization in Latin America: Ideas from the Chicago school

Topic 1 (FN): The start of unilateral trade liberalization in Latin America in 1973. Why did it happen and what were the expectations and outcome? The case of Chile [max. 2 students]

Chapman, A. (1994) Free Trade in Latin America and the Caribbean. Background-Chapter. Working Paper BP-372-E.

Edwards, S., and D. Lederman (1998) The Political Economy of Unilateral Trade Liberalization: The Case of Chile. *NBER Working Paper Series, Working Paper 6510*.

Harberger, A.C. (2005) On the process of growth and economic policy in developing countries: USAID. United States Agency for International Development. Bureau for Policy and Program Coordination. PPC Issue Paper No. 13.

II. The signing of regional trade agreements (RTAs) in Latin America: 'Tit for tat' at a limited scale

General literature for block II:

Baier, S. L., and Bergstrand, J. H. (2007) Do Free Trade Agreements Actually Increase Members' International Trade? *Journal of International Economics*, 71(1): 72-95.

Meller, P. (2009) From unilateral liberalization to regional free trade agreements: A Latin America perspective. *Econ Change Restruct*, 42: 85-103.

Topic 2 (FN): The signing of the North American Free Trade Agreement (NAFTA): Who were the winners or losers in terms of countries and sectors? [max. 2 students]

Hufbauer, G. (2014) NAFTA 20 years later. PIIE Briefing No. 14-3. Peterson Institute for International Economics. Washington, D.C.

Weisbrot, M., Lefebvre, S. and Sammut, J. (2014) Did NAFTA help Mexico? An assessment after 20 years. Cepr. February 2014. Center for Economic and Policy Research. Washington, D.C.

Topic 3 (FN): MERCOSUR. How did it impact on trade of its member states? Was Mercosur a success? [max. 2 students]

Laird, S. (1997) MERCOSUR: Objectives and achievements. WTO Staff Working Paper, No. TPRD-97-02.

Paiva, P. and Gazel, R. (2003) Mercosur: past, present, and future. *Nova Economia_Belo Horizonte_13(2)*: 115-136.

Yeats, A. J. (1998) Does Mercosur's Trade Performance Raise Concerns About the Effects of Regional Trade Arrangements? *The World Bank Economic Review*, 12(1): 1-28.

III. The signing of bilateral trade agreements: The easiest way to promote trade?

Topic 4 (FN): Chile, a champion in signing bilateral agreements. An assessment of the EU-Chile Free Trade Agreement from the Chilean perspective [max. 1 student]

Chumacero, R., Fuentes, R. and Schmidt-Hebbel, K. (2004) Chile's free trade agreements: How big is the deal? Banco Central de Chile. Documentos de Trabajo No.264.

Jean, S., Mulder, N. and Ramos, M.P. (2014) A general equilibrium, ex-post evaluation of the EU-Chile free trade agreement. *Economic Modelling*, 41:33-45.

Topic 5 (FN): Mexico's FTA with the EU: an assessment from Mexico's perspective [max. 1 student]

Busse, M., Huth, M. and Koopmann, G. (2000) Preferential trade agreements: The case of EU-Mexico. HWWA Discussion Paper, 103. Hamburg Institute of International Economics.

Slootmaekers, V. (2004) Trade Effects of the EU-Mexico Free Trade Agreement. Working Paper, Institute of World Economics.

IV. Trade openness: A comparison of South East Asia (SEA) and Latin America (LA)

Topic 6 (IB): A different approach to trade openness in SAE and LA. Underlying concepts and main differences [max. 2 students]

Castilla, L.M. (2006) Latin American and East Asian Trade Strategies. Emerging Markets Forum. 2006 Global Meeting. Jakarta, Indonesia, September 22, 2006. Session on Trade – Bilateral and regional –versus global agreements: recent developments in Asia and Latin America.

Birdsall, N. and Jaspersen, F. (1997) Pathways to growth: Comparing East Asia and Latin America. Chap. 1,2,3, 8. Inter-American Development Bank. Washington, D.C.

Topic 7 (IB): Openness and growth in South East Asia and Latin America: Empirical evidence [max. 2 students]

Birdsall, N. and Jaspersen, F. (1997) Pathways to growth: Comparing East Asia and Latin America. Chap. 1,2,3, 8. Inter-American Development Bank. Washington, D.C.

Felbermayr, G.J. (2005) Dynamic panel data evidence on the trade-income relation. *Review of World Economics*, 141, 583-611.

Zettelmeyer, J. (2006) Growth and Reforms in Latin America: A Survey of facts and Arguments. Working Paper 06/210. International Monetary Fund.

V. What do we know about the consequences of trade liberalization?

General literature for block V.

Zarazaga, C. (1999) Measuring the benefits of unilateral trade liberalization. Part 1: Static Models. Economic and Financial Review. Federal Reserve Bank Dallas.

Zarazaga, C. (2000) Measuring the benefits of unilateral trade liberalization. Part 2: Dynamic Models. Economic and Financial Review. Federal Reserve Bank Dallas.

Topic 8 (IB): Does trade liberalization lead to a more diversified trade structure? Literature review and the empirical evidence on a LA country of your choice (empirical application) [max. 2 students]

Jetter, M. and Ramírez Hassan, A. (2013) The roots of export diversification. Documentos de Trabajo. Economía y Finanzas, Universidad EAFIT, Medellín, Colombia.

Sanguinetti, P., Pantano, J. and Arim, R. (2002) Trade liberalization and exports/imports diversification in Argentina: the role of tariff preferences and economies of scale. Department of Economic Working Papers. Universidad Torcuato di Tella, Argentina

Shafaeddin, S.M. (2005) Trade liberalization and economic reform in developing countries: Structural change or de-industrialization). Discussion Paper, No. 179. UNCTAD. United Nations Conference on Trade and Development, Geneva.

**Topic 9 (FN): How does trade liberalization affect the rate of unemployment?
Literature review and the empirical evidence on a LA country of your
choice (empirical application) [max. 2 students]**

Cosar, A.K. (2013) Adjusting to trade liberalization: reallocation and labor market policies. University of Chicago. Booth School of Business. Working Paper.

Dutt, P., Mitra, D. and Ranjan, P. (2009) International trade and unemployment: Theory and cross-national evidence. *Journal of International Economics*, 78: 32-44.

Heid, B. and Larch, M. (2013) International trade and unemployment: A quantitative framework. Conference Paper. Jahrestagung des Vereins für Socialpolitik 2013. Session: Trade and Unemployment.

**Topic 10 (FN): How does trade liberalization affect the real wage and wage
inequality? Literature review and the empirical evidence on a LA
country of your choice (empirical application) [max. 2 students]**

Davis, D.R. and Harrigan, J. (2011) Good jobs, bad jobs, and trade liberalization. *Journal of International Economics*, 84: 26-36.

Galiani, S. and Sanguinetti, P. (2000) Wage inequality and trade liberalization: Evidence from Argentina. Working Paper, November 2000. Universidad Torcuato de Tella, Argentina.

Milanovic, B. and Squire, L. (2004) Does tariff liberalization increase wage inequality? Some empirical evidence. World Bank Research Department Working Paper. Washington, D.C.