Paper Topics for Econ 455:

TOPIC: Any topic related to International Economics - either in Trade or in Exchange Rate and Macroeconomic Issues, is potentially acceptable. You must talk to me before pursuing a topic so that we mutually agree it is acceptable. Also, note that a written proposal is due immediately after Spring break (March 22). In the past students have come up with some very clever ideas, ones that had not occurred to me – so do not feel constrained by the suggestions below. But do talk to me before investing much time in your choice – some previous students have also (unsuccessfully) proposed topics that had absolutely nothing to do with international economics.

Paper Length/Details: I do not like to specify a minimum, or maximum, length as the content of the paper is more interesting to me. I expect you to research and provide a thorough discussion of the topic you have chosen (upon which we shall have agreed). If you collect some data relevant to the topic, that is fine, and if you do some original research that is even better (though it is not required).

For those who feel a need to have some lower bound on paper length, I would suggest the paper should not be shorter than 10 double-spaced pages, with normal margin and normal font size. However, this is meant as a guideline and will not be enforced if, for example, I think you have handled your topic well in 7 pages. There is no upper bound on paper length.

You may, of course, use the web or any other resource to gather material. However, you must use some reference materials in addition to the web – books, newsmagazines, journals, etc. The paper must be your work, in your own words. You may not copy substantial amounts of material from a source, and you must provide citations for sources and indicate clearly material that is directly copied from a source.

POTENTIAL TOPICS:

An important part of the research process is to search for, and research, a topic that is important to you. Thus, I hate to list topics because: (1) I do not want you to think I am excluding other topics that may interest you; and (2) I would prefer you do some creative thinking about your own topic. However, on the next page is a very brief (and unimaginative) list of some topics. Immediately below are some of the hottest current topics:

1. **EURO** - the European single currency. What are its implications for European integration and macroeconomic performance; what are its implications for the U.S.? How will the addition of 10 new countries to the EU affect the Euro (when these countries join the Euro zone)? What has happened to the dollar/Euro exchange rate since the Euro’s inception and why has this exchange rate been so volatile?

2. **Proposed Free Trade Areas in Asia** – there are several proposals for establishing free trade areas in Asia. What are these proposals and what problems do they face? How will the affect the U.S.? Are there any additional difficulties in enforcing free trade rules when economies in which the central government plays a large role are part of the free trade area?

3. **The role of the IMF** - what role should the IMF play in suggesting/dictating policy in developing nations and in providing bail-outs for these nations? Is there a "moral hazard" problem when the IMF, or any outside institution, steps in to help rescue countries in economic trouble (the recent Asia Crisis is the most recent example in which this question arises)?

4. **US-European Trade Disputes** - over the years there have been a number of trade disputes between these two blocs which are usually good allies (with the exception of the Iraq war). Many of these have involved agricultural products, such as current disputes about trade in genetically modified organisms (GMOs) – though a recently settled dispute concerned trade in steel. What should international policy be on GMOs? Should each country be allowed to regulate these products as it sees fits? If not, who decides on international standards?

5. **Trade and the Environment** - an ongoing issue, especially with respect to trade between the richer and poorer countries, concerns the impact of trade on environmental goals and whether trade pacts (like NAFTA) with the poorer countries somehow hurts the environment or puts US firms at a disadvantage because of US environmental rules. Also, what are the prospects for the Kyoto Treaty, which the US did not sign. If countries
agree to specific targets to limit pollution, should these “pollution rights” be tradable between countries?

6. **Labor Standards and Trade** - should international trade policy also include an attempt to impose (US or European) labor standards on other countries (for example, concerning age, conditions, number of hours worked per day,…)? If so, whose standards? Should there be any restrictions on trade produced by prison, or slave, labor? What are the economic implications of doing so?

7. **Globalization and the World Economy** - how important are Multinational firms (MNFs) in the world economy? Are they beneficial or harmful, and does the power of MNFs restrict government policies? Should there be rules limiting their spread? Should countries be allowed to limit, or ban, foreign products in certain sectors to protect national culture (e.g., movies, papers,…)?
TRADE AND DEVELOPMENT ISSUES: SOME SUGGESTIONS

- History of tariff rates, and tariff laws, in the United States (or Spain, UK, Japan, etc.); {for example, compare tariff liberalization period in late 1800's to 1930's or to today}

- History of immigration laws, and immigration flows, in the U.S. (or some other country)  {again, could compare historic trends and policies to current periods}

- History of International Trade Agreements under GATT/WTO

- History and Role of the International Monetary Fund or World Bank

- In depth treatment of some topic under GATT or WTO, such as: Dispute Settlement Process; Agriculture and the GATT, Dumping, …

- Some aspect of US Trade Law, and its implementation, including: Antidumping Laws, Countervailing Duty Laws, Section 301, Escape Clause (Section 201)…

- Study of (history and current) protection for some particular industry, including: Autos, Steel, Sugar, Textiles and Apparel, Footwear,… (in US, or elsewhere)

- Intellectual Property Rights Protection and International Issues {for example, differences in patent systems; affect of enforcing patent protection on developing countries;…}

- Pharmaceuticals and Intellectual Property – should pharmaceutical companies, which have patents on life-saving drugs, be forced to make these drugs available at low prices to poor countries (e.g., AIDS drugs)? Should poor countries be allowed to produce these drugs, even though Western firms have patent protection? If so, should there be any limits on the resale of these drugs?

- Health, Safety and Food Standards - and possible sources of international frictions and use as trade barrier

- Managed Trade and Strategic Trade Policy - should governments pick winners and losers; analyze some specific policy (e.g., in US Semiconductor Industry, or Japanese policy,…)

- Free Trade Agreements and Common Markets - could look at NAFTA, or European Union, or Mercosur, or large number of agreements around world (failed past agreements or current agreements);

- Trade Flows and the Predictive Power of Various Economic Models (Heckscher-Ohlin, Ricardian,…)

- Trade and the Distribution of Income - how have trade flows affected income distribution (look at wage differences across countries,…; look at some possible sources on reading list)

- Developing Countries and Trade Policy: what policies have been pursued, and what is the relationship between trade policies and economic performance

- Trade Flows and Human Rights - there are a number of contemporary issues (especially with the PRC): prison labor and trade, working conditions, child labor laws,…, etc.

- Trade and Environmental Issues - does trade lead to environmental deterioration?; should countries be able to ban products that are produced in environmentally “unfriendly” ways; etc.

- Gender Issues and Trade Practices: how does international trade affect poverty in LDCs, and are women affected differentially (UN Study and Conference)
- Capital Flows and International Trade
- Foreign Direct Investment: US Multinational investment abroad (and direct investment in US); data, causes, issues both economic and sovereignty
- Subsidies and Trade: role of local tax/subsidy policy in affecting plant location and trade patterns (e.g., US localities have offered subsidies to attract foreign plants, such as Mercedes)
- Foreign Aid and Trade: historically, a number of countries have stipulated that foreign aid given to poor countries has to be spent in the donor country (this is sometimes called “Tied Aid”). What are international agreements related to Tied Aid Credits, and what are the economic implications?

INTERNATIONAL FINANCE/MACROECONOMIC TOPICS: SOME SUGGESTIONS

- Balance of Trade Deficits: Relation to Protection, Exchange Rates and/or Macroeconomic Aggregates
- Balance of Payments Accounts: Concepts, Measurement Difficulties, the World Deficit..
- International Indebtedness: Data on different countries, significance of US position, etc.
- Exchange Rate Determination: theories of exchange rate determination; accounting for volatility;..
- Optimal Currency Union: benefits and costs of a single currency for different regions or countries
- European Monetary Union and the EURO - details of the creation of a single European currency; potential difficulties,…; history in terms of previous agreements to limit volatility among European currencies,..
- Macroeconomic Issues in Open Economies: Role of Fiscal and Monetary Policy under Fixed and Flexible Exchange Rates, need for coordination of policy,…
- Transmitting of Economic Disturbances in Open Economies - e.g., how does Asian shock affect U.S. and role for policy and exchange rate. Look at empirical issues regarding correlations in unemployment, inflation,…
- International Debt Crises - e.g., of African and Latin American countries in 1980s and Mexico in 1990s (or current Asian crises, which is largely private debt); causes, policy choices and long run implications.
- Purchasing Power Parity and Exchange Rates
- Capital Mobility and Exchange Rates - is it good or bad (e.g., Asian crises and capital flows..)
- Problems in Transition Economies – how have the formerly Communist countries of Eastern Europe and the (former) Soviet Union done economically since the collapse of communism? How far have they gone in “liberalizing” their economies and what has happened to trade policy and trade volumes in these countries?