

**AFRICAN ECONOMIC RESEARCH CONSORTIUM
COLLABORATIVE PHD DEGREE PROGRAMME (CPP)
IN ECONOMICS FOR SUB-SAHARAN AFRICA**

JOINT FACILITY FOR ELECTIVES



INTERNATIONAL ECONOMICS

COURSE OUTLINE

(Revised: February, 2017)



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SUMMARY OF MAJOR TOPICS

ECON 651: INTERNATIONAL ECONOMICS I (60 HOURS)

(INTERNATIONAL TRADE)

- 1. International Trade Theory (18 Hours)**
 - 1.1 Comparative Advantage Theories
 - 1.2 The New Trade Theories
- 2. Trade Policy (17 Hours)**
 - 2.1 Tariff and Non-Tariff Barriers to Trade; Effects on Trade, Production, Consumption and Economic Welfare (Under Perfect and Imperfect Market Structures)
 - 2.2 Product and Factor Market Distortions and Trade Policy
 - 2.3 Trade Liberalization and Economic Integration
- 3. Trade, Growth and Development (15 Hours)**
 - 3.1 Trade and Growth Models
 - 3.2 Import Substitution Versus Export Promotion Strategy of Industrialization
 - 3.3 Trade and Immiserizing Growth
 - 3.4 Factor Mobility and the Rybczynski Theorem
 - 3.5 A Comparative Analysis of Trade, Growth and Development in Emerging and African Countries
 - 3.6 Trade and Poverty
 - 3.7 Trade and Informal Sector
 - 3.8 Trade and Climate Change
 - 3.9 Aid for Trade
- 4. International Trade Institutions (10 Hours)**
 - 4.1 Political Economy of Trade Policy
 - 4.2 The Structure and Organization of GATT/ WTO
 - 4.3 Regional and Multilateral Trade Negotiations (Special and Differential Treatment for the Least-Developed and Developing Countries; Lome Convention; and EPAs)

ECON 652: INTERNATIONAL ECONOMICS II (60 HOURS)

(INTERNATIONAL FINANCE)

- 5. International Finance Theory (30 Hours)**
 - 5.1 Open Economy Models
 - 5.2 Balance of Payments
 - 5.3 Exchange Rate Economics



6. Regional and International Financial Arrangements (15 Hours)

- 6.1 Optimum Currency Areas (Theory and Practice: CFA; WAEMU; CMA; And EMU)
- 6.2 International Financial Architecture: (IMF, World Bank, African Development Bank); International Payments System; International Coordination; Structure and Composition; Financial Reforms; and International Financial Regulations
- 6.3 Governance and Stability of the International Financial System.

7. International Financial Policies (15 Hours)

- 7.1 International Capital Flows
- 7.2 Global Financial Crisis and Policies
- 7.3 Foreign Aid and Foreign Debt
- 7.4 Trade Finance

DETAILED OUTLINE AND READING LIST

1. Introduction

This outline and associated readings are developed for a PhD - level course in International Economics which is one of the electives offered under AERC's Collaborative PhD Degree Programme in Economics. In view of the intended use of the course, both the outline of issues and topics slated for discussion and the associated readings pay considerable attention to the contemporary concerns of Africa.

2. Pre-requisites

The student must have a background in International Economics at least at the undergraduate level. In addition, the student must have covered the following core courses: Microeconomics, Macroeconomics and Quantitative Methods.

3. Course Objectives

The course seeks to sharpen and reinforce the expertise of the student with respect to the economic theories, models and methodologies used for the analysis of key international trade and finance issues in the context of varying institutional arrangements and settings. This course is aimed at providing students with an in-depth and rigorous analysis of advanced international economics by relating the topics to the conditions in Africa. The course has the following specific objectives, which seek to:

- (i) Familiarize the student with important facts on the global economy and international economic institutions;
- (ii) Acquaint the student with the analytical tools that economists use to investigate international economic interactions;



- (iii) Develop an understanding of the mechanisms of international trade and finance, and the way in which participation in the international economy affects consumers, businesses, economic policy and the economy in general;
- (iv) Explore the implications of the theories on African economies; and
- (v) Equip students with the skills to develop alternative theoretical and empirical approaches applicable to African economies.

4. Learning Outcomes

On completing this course the student should be expected to have:

- (a) Profound knowledge and understanding of the theories, empirical and policy issues relating to international trade and finance; and
- (b) Professional skills in research, consultancy, policy analysis and advice.

5. Course Structure and Duration

The course comprises two parts: Part I - International Trade (Semester 1); and Part II - International Finance (Semester 2). Delivery of the course will take the form of:

- Lectures and class presentations;
- Seminars;
- Term papers; and
- Tutorials.

6. Mode of Assessment and Grading

Students will be assessed both by continuous assessment and final exam. The weighting will be as follows:

- Continuous assessment (take home assignments, sit-in tests, term paper and presentations) 40%; and
- Final Examination 60%.

7. Main Textbooks

The course outline specified for each module is broad. The suggested reading list includes text books, surveys and seminal articles. The instructor will thus have the necessary flexibility to update both in the teaching process.

- (i) Bhagwati, J.N., Panagariya A. and T.N. Srinivasan (1998), *Lectures on International Trade*. 2nd Edition, Cambridge MIT Press.
- (ii) Bowen, H.P., A. Hollander, & J. Viaene (2012), *Applied International Trade Analysis*, 2nd Edition, London, Macmillan Ltd.



- (iii) Feenstra, Robert C (2016), *Advanced International Trade: Theory and Evidence* Princeton University Press.
- (iv) Hallwood, C. Paul and Ronald MacDonald (2000), *International Money and Finance, 3rd edition*. Blackwell Publishers, Malden MA.
- (v) Montiel, Peter J. (2009), *International Macroeconomics*. Wiley and Blackwell.
- (vi) Nelson, Mark (2001), *International Macroeconomics and Finance: Theory and Econometric Methods*. Blackwell Publishers.
- (vii) Pikoulakis, Emmanuel (1995), *International Macroeconomics*. London: Macmillan.

8. Other Recommended Books

- (i) Argy, V. (2013), *International Macroeconomics: Theory and Policy*. London: Routledge.
- (ii) Chenery, H. and T.N. Srinivasan (eds.) (1989), *Handbook of Development Economics, Vol. II*. Amsterdam, North Holland.
- (iii) De Melo, Jaime and Jean-Marie Grether (1997), *Commerce International: Théories et Applications*. Paris: De Boeck Université.
- (iv) Dunning, J. H. & Lundan, S. M. (2008). *Multinational Enterprises and the Global Economy*. 2nd edition: Edward Elga Publishing.
- (v) Grossman, Gene and Kenneth Rogoff (eds.) (1995), *Handbook of International Economics, Vol. III*. Amsterdam: North Holland.
- (vi) Greenaway, D. and C.R. Milner (1986), *The Economics of Intra-Industry Trade*. Oxford, Basil Blackwell.
- (vii) Greenaway, D. and C.R. Milner (1993), *Trade and Industrial Policy in Developing Countries*. London, Macmillan.
- (viii) Greenaway, D., Falvey, R., Kreickemeier, J., and Bernhofen, D. (2013) *Palgrave Handbook of International Trade*. Macmillan
- (ix) Grossman, Gene and Kenneth Rogoff (eds.) (1996), *The Handbook of International Economics*. North Holland – Elsevier Press.
- (x) Grossman, Gene and E. Helpman (1993), *Innovation and Growth in a Global Economy* MIT Press
- (xi) Helpman, E. and P. Krugman (1987), *Market Structure and Foreign Trade*. MIT Press, Cambridge MA.
- (xii) Jones, Ronald, and P.B. Kennen. (eds.) (1984), *Handbook of International Economics, Vol. I and II*. Amsterdam: North Holland.
- (xiii) Kierzkowski, Henry (ed.) (1994), *Monopolistic Competition and International Trade*. Oxford: Clarendon Press.
- (xiv) Leamer, E.E. (1984), *Sources of International Comparative Advantage: Theory and Evidence*. MIT Press, Cambridge, MA.



- (xv) Markusen, James R., J.R. Melvin, William H. Kaempfer and Keith E. Maskus (1995), *International Trade: Theory and Evidence*. New York: McGraw-Hill.
- (xvi) Obstfeld, Maurice and Kenneth Rogoff (1996), *Foundations of International Macroeconomics*. Cambridge, MA, MIT Press.
- (xvii) Oyejide, Ademola, Ibrahim Elbadawi and Paul Collier (2001), *Regional Integration and Trade Liberalization in Sub Saharan Africa: Framework, (Volumes 1-3)*. London: Macmillan.
- (xviii) Pilbeam, K. (2013), *International Finance*, 4th edition, Palgrave (Ebook).
- (xix) Shapiro, A.C. (2009), *Multinational Financial Management*, 9th edition. John Wiley & Sons Inc, New York.
- (xx) Stiglitz, Joseph (2015), *Globalization and its Discontent*,
- (xxi) Ugur, Mehmet (ed.) (2002), *An Open Economy Macroeconomics Reader*. London: Routledge.
- (xxii) van der Ploeg, Frederick (ed.) (1994). *The Handbook of International Macroeconomics*. Oxford: Blackwell.
- (xxiii) Williamson, John and C. Milner (1991), *The World Economy: A Textbook in International Economics*. London: Harvester-Wheatsheaf.



SEMESTER I

ECON 651: INTERNATIONAL ECONOMICS I (60 HOURS) (INTERNATIONAL TRADE)

1.0 INTERNATIONAL TRADE THEORY (18 HOURS)

This section provides a broad overview of theories and empirical evidence on the microeconomic aspects of international economics. It covers the following: Comparative Advantage Theories and the New Trade Theories.

1.1 Comparative Advantage Theories

- 1.1.1 Ricardian Model
- 1.1.2 HOS Model of Trade:
 - HO Theorem
 - Factor Price Equalization Theorem
 - Stolper-Samuelson Theorem
 - The Rybczynski Theorem
- 1.1.3 Specific Factors and Trade (1x2x3) Model
- 1.1.4 International Factor Mobility
- 1.1.5 Non-homothetic Preferences in International Trade
- 1.1.6 Laboratory Experiments in Trade
- 1.1.7 Empirical Tests and Applications to Africa

Core Readings

1. Feenstra, R.C. (2016), Chapter 1, 2
2. Bowen *et al.* (2012), Chapter 3, & 4
3. Bhagwati, J.N., Panagariya A. and T.N. Srinivasan (1998), Chapters 2, 3, 5 & 6.

Additional Readings

1. Antras, P. and R. Caballero (2009), "Trade and Capital Flows: A Financial Frictions Perspective," *Journal of Political Economy*, vol. 117(4), pp. 701-744.
2. Bernhofen, D.M. and J.C. Brown (2004), "A Direct Test of the Theory of Comparative Advantage: The Case of Japan," *Journal of Political Economy* 112, pp. 48-67.
3. Bernhofen, D.M. and J.C. Brown (2005), "An Empirical Assessment of the Comparative Advantage Gains from Trade: Evidence from Japan," *American Economic Review* 95, pp. 208-225.
4. Bustos, P. (2011), "The Impact of Trade on Technology and Skill Upgrading: Evidence from Argentina," mimeo, CREI.
5. Davis, D. and J. Harrigan (2011), "Good Jobs, Bad Jobs, and Trade Liberalization," *Journal of International Economics*, forthcoming.
6. Deardorff, A.V. (1994), "Exploring the limits of Comparative Advantage", *Review of World Economics*, 130 (1), pp. 1-19.



7. Deardorff, A.V. (1980), "The General Validity of the Law of Comparative Advantage", *Journal of Political Economy*, 88, pp. 941-57.
8. Do, Q. and A. Levchenko (2007), "Comparative Advantage, Demand for External Finance, and Financial Development," *Journal of Financial Economics*, vol. 86(3), pp. 796-834.
9. Dornbusch, R., S. Fischer and Paul Samuelson (1977), Comparative Advantage, Trade and Payments in a Ricardian Model with a Continuum of Goods. *AER*, vol.67 pp 823-839
10. Egger, H. and U. Kreickemeier (2009), "Firm Heterogeneity and the Labour Market Effects of Trade Liberalization," *International Economic Review*, vol. 50(1), pp. 187-216.
11. Fajgelbaum, P., G. Grossman and E. Helpman (2009), "Income Distribution, Product Quality, and International Trade", *NBER Working Paper* No. 15329.
12. Fieler, A. C. (2010), "Non-Homotheticity and Bilateral Trade: Evidence and a Quantitative Explanation," mimeo.
13. Foellmi, R., C. Hopenstrick and J. Zweimuller (2010), "Non-Homothetic Preferences, Parallel Imports and the Extensive Margin of International Trade," *University of Zurich Working Paper* No. 497.
14. Foroutan, Faezeh and Lant Pritchett (1993), Intra-Sub-Saharan African Trade: is it too Little? *Journal of African Economies*, 2(1): 74-105.
15. Heckscher, E.F (1919), The Effect of Foreign Trade on the Distribution of Income. *EkonomiskTidskrift*, 497-5112.
16. Hunter, L. C. (1991), "The Contribution of Nonhomothetic Preferences to Trade," *Journal of International Economics*, vol. 30, pp. 345-358.
17. Leamer, Edward (1980), "The Leontief Paradox Reconsidered," *Journal of Political Economy* pp.495-503.
18. Leamer, Edward (1993), "Factor Supply Differences as a Source of Comparative Advantage," *American Economic Review*, May pp. 436-439.
19. Leamer, E.E. (1992), Testing Trade Theory, *NBER Working Paper*, No. 3957.
20. Leontief, Wassily (1954), Domestic Production and Foreign Trade: The American Capital Position Re-examined. *EconomiaInternazionale*2 (1): 3-32. (Reprinted in Richard Caves
21. Leontief, Wassily (1956), Factor Proportion and the Structure of American Trade: Further Theoretical and Empirical Analysis. *Review of Economics and Statistics*, 38: 386-407.
22. Markusen, J. (2010), "Putting Per-Capita Income back into Trade Theory," mimeo, University of Colorado. (current version available at <http://spot.colorado.edu/markusen/markusen-per-cap-income.pdf>)
23. Noussair C. N, Plott C. R and Riezman R. (1995) "An Experimental Investigation of the Patterns of International Trade." *American Economic Review*, Vol. 85, pp. 462-491.
24. Samuelson, P.A. (1948), International Trade and the Equalization of Factor Price. *Economic Journal*, 58 (230): 163-185.



25. Yeaple, S. (2005), “A Simple Model of Firm Heterogeneity, International Trade, and Wages,” *Journal of International Economics*, vol. 65(1), pp. 1-20.

1.2 The New Trade Theories

- 1.2.1 Intra-Industry Trade Models
- 1.2.2 Product Differentiation and Monopolistic Competition
- 1.2.3 Increasing Returns and Economies of Scale
- 1.2.4 Trade and Multinational Corporations
- 1.2.5 Gravity Models and Linder’s Hypothesis
- 1.2.6 Task Trade, Offshoring and Outsourcing
- 1.2.7 Trade Intermediaries

Core Readings

1. Feenstra, R. C. (2016), Chapters, 5 & 6
2. Bowen *et al.*(2012), Chapter 8
3. Helpman and Krugman (1985) Chapter 6 – 11
4. Bhagwati, J.N., Panagariya A. and T.N. Srinivasan (1998), Chapter 11

Additional Readings

1. Ahn, J., A. K. Khandelwal and S. Wei (2011), “The Role of Intermediaries in Facilitating Trade,” *Journal of International Economics*, (forthcoming).
2. Akerman, A. (2010), “A Theory on the Role of Wholesalers in International Trade,” mimeo, Stockholm University.
3. Anderson, J. and E. van Wincoop (2003) “Gravity with Gravitas: A Solution to the Border Puzzle,” *American Economic Review*, 170-192.
4. Antras, P. and Costinot, A. (2011), “Intermediated Trade,” *Quarterly Journal of Economics*, forthcoming.
5. Antras, P., M. Desai, and F. Foley (2009), “Multinational Firms, FDI Flows and Imperfect Capital Markets,” *Quarterly Journal of Economics*, vol. 124(3), pp. 1171-1219.
6. Baldwin, R. and J. Harrigan (2010), “Zeros, Quality and Space: Trade Theory and Trade Evidence”, *NBER Working Paper No. 13214*.
7. Basker, E., and P. H. Van (2010), “Putting a Smiley Face on the Dragon: Walmart as Catalyst to U.S.-China Trade,” mimeo, University of Missouri.
8. Bastos, P. and J. Silva (2010), “The Quality of a Firm's Exports: Where You Export to Matters,” *Journal of International Economics*, vol. 82, pp. 99-111.
9. Bernard, A. B., J. B. Jensen, S. J. Redding and P. K. Schott (2009), “The Margins of US Trade,” *American Economic Review*, vol. 99(2), pp. 487-93.
10. Bernard, A. B., J. B. Jensen, S. Redding, and P. K. Schott (2010), “Wholesalers and Retailers in U.S. Trade (Long Version),” *NBER Working Paper No. 15660*.



11. Bernard, A. B., S. J. Redding and P. K. Schott (2010), "Multi-Product Firms and Trade Liberalization," mimeo.
12. Bernard, A. B., S. Redding and P. K. Schott (2010), "Multi-Product Firms and Product Switching," *American Economic Review*, vol. 100(1), pp. 70-97.
13. Blum, B. S., S. Claro, and I. J. Horstmann (2010), "Intermediation and the Nature of Trade," mimeo, University of Toronto.
14. Collier P. and A.J. Venables (2007) Rethinking Preferences: How can Africa Diversify its Exports" *World Economy* 30 (8) pp 1326-1345.
15. Crozet, M., K. Head and T. Mayer (2010), "Quality Sorting and Trade: Firm-level Evidence for French Wine," mimeo, Paris School of Economics.
16. Dixit, A. and Joseph E. Stiglitz (1977), Monopolistic Competition and Optimum Product Diversity. *The American Economic Review*, 67 (3): 297308.
17. Eckel, C. (2009), "International Trade and Retailing," *CESifo Working Paper* No. 2597.
18. Eckel, C. and P. Neary (2009), "Multi-Product Firms and Flexible Manufacturing in the Global Economy," *Review of Economic Studies*, vol. 77(1), pp. 188-217.
19. Fajgelbaum, P., G. Grossman and E. Helpman (2009), "Income Distribution, Product Quality, and International Trade," *NBER Working Paper*. http://www.economics.harvard.edu/faculty/helpman/files/Income_Distribution.pdf
20. Felbermayr, G., and B. Jung (2011), "Trade Intermediation and the Organization of Exporters," *Review of International Economics*, (forthcoming).
21. Greenaway, D. and C. R. Milner (1983), "On the Measurement of Intra- industry Trade," *Economic Journal* vol. 94 pp. 900-908.
22. Helpman, E. (1999), "The Structure of Foreign Trade," *Journal of Economic Perspectives* vol. 13.No. 2 pp. 121- 144.
23. Hummels, D. and P. J. Klenow (2005), "The Variety and Quality of a Nation's Exports," *American Economic Review*, vol. 95, pp. 704-723.
24. Khandelwal, A. (2010), "The Long and Short (of) Quality Ladders," *Review of Economic Studies*, vol. 77, pp. 1450-1476.
25. Krugman, Paul (1992), "Does the New Trade Theory Require a New Trade Policy," *The World Economy*, 15(4): 423-441.
26. Lall, Sanjaya (1973), "Transfer-Pricing by Multinational Manufacturing Firms," *Oxford Bulletin of Economics and Statistics*, 35 (3): 173-195.
27. Manova, K. (2010), "Quality Heterogeneity across Firms and Export Destinations", *NBER Working Paper* No. 15342.
28. Markusen, J. (1995a), "The Boundaries of Multinational Firms and the Theory of International Trade", *Journal of Economic Perspectives* No.9 pp169-189
29. Mayer, T., M. J. Melitz and G. Ottaviano (2009), "Market Size, Competition, and the Product Mix of Exporters," mimeo.



30. Verhoogen, E. (2008), "Trade, Quality Upgrading and Wage Inequality in the Mexican Manufacturing Sector," *Quarterly Journal of Economics*, vol. 123(2), pp. 489-530.
31. Weeks, John and Turan Subasat (1998), "The Potential for Agricultural Trade among Eastern and Southern African Countries", *Food Policy*, 23(1): 73-88.

2.0 TRADE POLICY (17 HOURS)

- 2.1 Tariffs and Non-Tariff Barriers to Trade:
 - 2.1.1 Under Perfect Competition
 - 2.1.2 Under Imperfect Competition
- 2.2 Product and Factor Market Distortions and Trade Policy
- 2.3 Trade Liberalization and Economic Integration

Core Readings

1. Feenstra, R. C. (2016), Chapter 6 - 8
2. Bowen *et al.*(2012), Chapter 5, 10 & 12
3. Bhagwati, J.N., Panagariya A. and T.N. Srinivasan (1998), Chapter 12-15, 20-22, 25- 27, 30-31
4. Oyejide A. and Augustin Fosu (eds) (2010), *African Imperatives in the New World Order, Volume III: Case Studies of Institutional Framework and the Process of Trade Policy Making in Africa*, African Economic Research Consortium.
5. Oyejide, A. (1998), Trade Policy and Regional Integration in the Development Context: Emerging Patterns, Issues and Lessons for Sub-Saharan Africa. *Journal of African Economies*, Vol 7, Supplement 1, 108-145.
6. Oyejide, A., B. Ndulu and J.W. Gunning (eds) (1999), *Regional Integration and Trade Liberalization in Sub-Saharan Africa: Vol 2: Country Case Studies*. London, Macmillan.
7. Oyejide, Ademola, Ibrahim Elbadawi and Paul Collier (eds.) (2001), *Regional Integration and Trade Liberalization in Sub-Saharan Africa, Volume 1: Framework, Issues and Methodological Perspectives*. London: Macmillan.

Additional Readings

1. Baldwin, R. E. (1970), *Non-tariff Distortion of International Trade*. Washington, D.C: Brookings Institution.
2. Casto, Lucio, Kraus Christiane and Manuel de la Rocha (2004), "Regional Trade Integration in East Africa: Trade and Revenue Impacts of the Planned East African Community Customs Union." *World Bank Africa Region Working Paper Series*, No 72.
3. Collier, Paul, Anthony J. Venables (2007), "Rethinking Trade Preferences: How Africa Can Diversify Its Exports" *The World Economy* 30 (8) pp. 1326-1345.
4. Cooper, C. A. and B. F. Massell (1965), "A New Look at Customs Union Theory," *Economic Journal*, Dec. pp. 742-747.



5. De Rosa, D. (1991) "Protection in Sub-Saharan Africa Hinders Exports" *Finance & Development* March 10 pp. 42-45.
6. Dean, J.M., S. Desai, and J. Riedel (1994), "Trade Policy Reform in Developing Countries Since 1985: A Review of the Evidence" *World Bank Discussion Paper* Washington D.C.: The World Bank.
7. Dornbusch, R. (1992), "The Case for Trade Policy Reform in Developing Countries," *Journal of Economic Perspectives*, 6, (1) pp. 69 - 85.
8. Goldstein, Andrea, and Ndung'u, Njuguna (2001), "Regional Integration Experience in the Eastern African Region." *OECD Development Centre Technical Papers*, 171.
9. Grossman, G. M. and E. Helpman (1994), "Protection for Sale," *American Economic Review* September pp. 833-850.
10. Helpman, E. and O. Itzhoki (2010), "Labour Market Rigidities, Trade and Unemployment," *Review of Economic Studies*, vol. 77, pp. 1100-1137.
11. Helpman, E.O. Itzhoki and S. Redding (2010), "Inequality and Unemployment in a Global Economy", *Econometrica*, vol. 78(4), pp. 1239-1283.
12. Khan, M.S. and Z. Iqbal (eds) (1998), *Trade Reform and Regional Integration in Africa*. Washington, D.C., IMF Institute. 11.
13. Low, P. and Yeats Alexander (1995), "Non-tariff Measures and Developing Countries," *World Economy* 18 (1).
14. Nash, J. (1993) "Implementation of Trade Reform in sub-Saharan Africa: How Much Heat and How Much Light?" *Policy Research Working Paper* No. 1218, Washington DC: The World Bank
15. Rodrik, D. (1998a), "Why is Trade Reform so Difficult in Africa?" *Journal of African Economies*, 7, (Supplement 1), pp. 10-36.
16. Rodrik, D. (1998b) "Trade Policy and Economic Performance in sub-Saharan Africa" *NBER Working Paper* No. 6562, May.
17. Vamvakidis, A. (1999), Regional Trade Agreements or Broad Liberalization: Which Path Leads to Faster Growth. *IMF Staff Papers*, 46 (1), pp.42-68.

3.0 TRADE, GROWTH AND DEVELOPMENT (15 HOURS)

3.1 Trade and Growth Models

3.2 Trade and Immiserizing Growth

3.3 Factor Mobility and The Rybczynski Theorem

3.4 A Comparative Analysis of Trade, Growth and Development in Emerging and African Countries

3.5 Trade and Poverty

3.6 Trade and Informal Sector

3.7 Trade and Climate Change

3.8 Aid for Trade



Core Readings:

1. Feenstra, R. C. (2016), Chapter 11
2. Bowen *et al.*(2012), Chapter 6 &14
3. Bhagwati, J.N., Panagariya A. and T.N. Srinivasan (1998), Chapters 29, 32-33, 36-37

Additional Readings

1. Bhasin, V. K. and Obeng, C. (2005), "Globalization, Technology, Poverty and Income Distributions of Households in Ghana" in *World Association for Sustainable Development: World Sustainable Development Outlook 2005 Global Competitiveness: a common goal in a digital society*, Emerald Group Publishing Limited, U.K, pp. 375-84.
2. Bhasin, V. K. and Obeng, C. (2005), "Trade Liberalization, Remittances, Poverty and Income Distributions of Households in Ghana," in Judith Shaw (Ed): "*Remittances, Microfinance and Development: Building the Links. Volume 1: A Global View, The Foundation for Development Co-operation,*" Brisbane, Australia, pp. 33-45.
3. Bhasin, V. K. and Obeng, C. (2006), "Trade Liberalization, Foreign Borrowing, Poverty and Income Distributions of Households in Ghana," *ICFAI Journal of Applied Economics*, 5(4), pp. 38-53.
4. Bhasin, V. K. and Obeng, C. (2007), Trade Liberalization, Foreign Aid, Poverty and Income Distributions of Households in Ghana, *Ghana Policy Journal*, 1 (1), pp. 5-22.
5. Edwards Sebastian (1993), "Openness, Trade Liberalization and Growth in Developing Countries," *Journal of Economic Literature* vol. 31 p. 1358- 1393.
6. Frankel, J.A. and D. Romer (1996), "Trade and Growth: An Empirical Investigation," *NBER Working Paper* 5476, March.
7. Frimpong-Ansah, J.H., S.M. Ravi Kanbur, and P. Svedberg (eds.) (1991) *Trade and Development in sub-Saharan Africa* New York: Manchester University Press.
8. GrosReidel, J. (1984), "Trade as an Engine of Growth in Developing Countries Revisited," *Economic Journal*, March pp. 56-73.
9. Grossman, G.M. and E. Helpman (1990), "Trade, Innovation and Growth," *American Economic Review*, May pp. 86-91.
10. McCulloch, N., L.A. Winters, and X. Cirera (2001), *Trade Liberalization and Poverty: A handbook*. London, CEPR
11. Milner, C.R. (Ed.) (1990), *Export Promotion Strategies: Theory and Evidence from Developing Countries*. Brighton, Wheatsheaf.
12. Rodrik, D. (1995), "Trade Strategy, Investment and Exports: Another Look at East Asia," *NBER Working Paper* 5339.
13. Rybczynski, T.M. (1995), "Factor Endowments and Relative Commodity Prices," *Economica*, November: 336-341.
14. Salvatore, D and T. Hatcher (1991), "Inward and Outward Oriented Development Strategies," *Journal of Development Studies* vol. 27 no. 3 pp. 7-25.



15. Weiss J. (2010), "Changing Trade Structure and its Implications for Growth," *The world Economy* 33 pp. 1269 -1279.
16. Winters, Alan, Neil McCulloch and Andrew McKay (2004), "Trade Liberalization and Poverty: The Evidence So Far," *Journal of Economic Literature* Vol. XLII pp. 72 – 115.

4.0 INTERNATIONAL TRADE INSTITUTIONS (10 HOURS)

4.1 Political Economy of Trade Policy

4.2 The Structure and Organization of GATT/ WTO

4.3 Regional and Multilateral Trade Negotiations (Special and Differential Treatment for the Least-Developed and Developing Countries; Lome Convention; and EPAs)

Core Readings

1. Feenstra, R. C. (2016), Chapter 9
2. Bhagwati, J.N. ,Panagariya A. and T.N. Srinivasan (1998), Chapter 28

Additional Readings

1. De la Torre, A. and M.R. Kelly (1992), "Regional Trade Arrangements," *Occasional Paper* 93, IMF, Washington, D.C.
2. Frankel, J. (1997), *Regional Trading Blocs in the World Trading System*, Washington, D.C., IIE.
3. Goldberg, Koujianou P. and G. Maggi (1999), "Protection for Sale: An Empirical Investigation," *American Economic Review* 89 pp. 1135-55.
4. Grossman, G.M. and E. Helpman (1994), "Protection for Sale," *American Economic Review* 84 pp. 833-50.
5. Grossman, G.M. and E. Helpman (2005), "The Politics of Free Trade Agreements," *American Economic Review*, 85: 667-90, 2005.
6. Hoekman, Bernard M. and Michel M. Kostecki (2001), *The Political Economy of the World Trading System, Second Edition*. Oxford: Oxford University Press.
7. Martin, W. and L.A. Winters (Eds.) (1996), *The Uruguay Round and the Developing Economies*, Cambridge, Cambridge University Press.
8. Panagariya, A. (1999), "The Regionalism Debate: an Overview," *The World Economy* 22 (4) pp. 477-511
9. Rodrik D. (1990), "The Rush to Free Trade in the Developing World," *NBER Working Paper* no. 3947
10. Teshome, Mulat (1998), "Multilateralism and Africa's Regional Economic Communities," *Journal of World Trade*, 32(4) pp. 115-138.
11. Wang, Z.K; and L.A. Winters (1998), "Africa's Role in Multilateral Trade Negotiations: Past and Future," *Journal of African Economies*, Vol. 7, Supplement 1, pp. 37 - 69.
12. WTO Annual Reports



SEMESTER II

ECON 652: INTERNATIONAL ECONOMICS II (60 HOURS)

(INTERNATIONAL FINANCE)

This section reviews the basic theory underlying international monetary transactions with particular focus on the balance of payments; foreign exchange markets; exchange rate regimes; international macroeconomic policy coordination; international finance markets; global capital flows and economic growth; determination of real exchange rates; international debt; global financial crisis; macroeconomic stabilization under different fiscal, monetary and exchange rate policy rules; trade financing; monetary integration; and international payments system.

5.0 INTERNATIONAL FINANCE THEORY (30 HOURS)

5.1 Open Economy Models

Core Readings

1. Hallwood, C. Paul and Ronald MacDonald (2000), Chapters 5 & 6.
2. Montiel, Peter J. (2009), Chapter 17.
3. Nelson, Mark (2001), Chapter 8.
4. Pikoulakis, Emmanuel (1995), Chapters 7, 8, & 9.

Additional Readings

1. Dooley, Michael P., David Folkerts-Landau, and Peter Garber (2003), "An Essay on the Revived Bretton Woods System," *NBER Working Paper* 9971.
2. Eichengreen, Barry (2004), "Global Imbalances and the Lessons of Bretton Woods," *NBER Working Paper* 10497.
3. Feldstein, Martin (2008), "Resolving the Global Imbalance: the Dollar and the U.S. Saving Rate." *Journal of Economic Perspectives*, 22(3) pp.113-125.
4. Fleming, J.M. (1962), "Domestic Financial Policies under Fixed and Floating Exchange Rates", *IMF Staff Papers*, 9(3) pp.369-379.
5. Mann, Catherine L. (2002), "Perspectives on the U.S. Current Account Deficit and Sustainability." *Journal of Economic Perspectives*, 16(3), pp.131-152.
6. Mundell, Robert (1963), "Capital Mobility and Stabilization Policy under Fixed and Flexible Exchange Rate", *Canadian Journal of Economics and Political Science* 29 (4), pp. 487-99.
7. Obstfeld, Maurice, and Kenneth Rogoff (1995), "The Mirage of Fixed Exchange Rates." *Journal of Economic Perspectives*, 9(4), pp.73-96.
8. Sissoko, Y & Dibooglu, S. (2006) "The Exchange Rate System and Macroeconomic Fluctuations in Sub-Saharan Africa," *Economic Systems*, Volume 30(2), 141-156.



5.2 Balance of Payments

5.2.1 Balance of Payments Adjustment Models

- Elasticity Approach
- The Absorption Approach
- Monetary Approach
- Current and Capital Account Convertibility

Core Readings

1. Hallwood, C. Paul and Ronald MacDonald (2000), Chapters 8.
2. Nelson, Mark (2001), Chapter 3 & 11
3. Montiel Peter J. (2009), Chapter 2
4. Pikoulakis, Emmanuel (1995), Chapter 1

Additional Readings

1. Bilson, John F.O. (1985), "Macroeconomic Stability and Flexible Exchange Rates," *American Economic Review*, 75(2), pp. 62-67.
2. Dhliwayo, R. (1996), "The Balance of Payments as a Monetary Phenomenon: an Econometric Study of Zimbabwe's Experience" *AERC Research Papers* 46.
3. Silumbu, E.B.D. (1995), "The role of Exchange Rate and Monetary Policy in the Monetary Approach to the Balance of Payments: Evidence from Malawi", *AERC Research Paper* 37.

5.3 Exchange Rate Economics

5.3.1 The Foreign Exchange Market: Fixed, Flexible and Managed Float Exchange Rates

5.3.2 Spot, Forward, Futures and Option Exchange Rate Markets

5.3.3 Exchange Rate Determination: Monetary Approach, Portfolio Balance Approach

5.3.4 Empirical Validity of Exchange Rate Determination Approaches

5.3.5 Foreign Exchange Risks and Their Management

Core Readings

1. Hallwood, C. Paul and Ronald MacDonald (2000), Chapters 9 - 12.
2. Nelson, Mark (2001), Chapter 3 & 7.
3. Montiel, Peter (2009), Chapter 5-13.
4. Pikoulakis, Emmanuel (1995), Chapters 2, 3 & 4

Additional Readings

1. Aron, J., and M. Ayogu (1997), "Foreign Exchange Market Efficiency Tests in Sub-Saharan Africa," *Journal of African Economies*, Supplement to Vol. 6, No.3, pp. 150 – 192.
2. Balassa, Bella (1964), "The Purchasing-Power Parity Doctrine: A Reappraisal," *Journal of Political Economy*, December, 72, (6), pp. 584-96.



3. Barth, R.C., and C. H. Wong (Eds.) (1994), *Approaches to Exchange Rate Policy*, Washington, IMF.
4. Berg, Andrew and Catherine Pattillo (1999), "Are Currency Crises Predictable? A Test," *IMF Staff Papers*, 42, June, pp. 107-138.
5. Bhasin, V. K. (2004), "Dynamic-Interlinks Between the Exchange Rate, Price Level and Terms of Trade in a Managed Floating Exchange Rate System: The Case of Ghana," *AERC Research Paper*, No. 141, July 2004, 1-59.
6. Bird, Graham (1983), "Should Developing Countries Use Currency Depreciation as a Tool of Balance of Payments Adjustment? A Review of Theory and Evidence, and a Guide for the Policy Maker", *Journal of Development Studies* 19(4), pp. 461-484.
7. Calvo, Guillermo A. and Frederic S. Mishkin (2003), "The mirage of exchange rate regimes for emerging market economies," *Journal of Economic Perspectives*, 17 (4), pp. 99- 118.
8. Chang, C. and Chang, J. (1990), "Forward and Future Prices: Evidence from the Foreign Exchange Markets," *Journal of Finance*, 45:4, September: pp.1333-36
9. Collier, P., and V. Joshi (1989), "Exchange Rate Policy in Developing Countries," *Oxford Review of Economic Policy*, 5 (3), pp. 94-113.
10. Cronwover, C., J. Pippenger, D. Steigerwald (1996), "Testing for Absolute Purchasing Power Parity," *Journal of International Money and Finance* 15, pp. 783-796.
11. De Bruyn, R., Gupta, R., & Stander, L. (2013) "Testing the monetary model for exchange rate determination in South Africa: Evidence from 101 years of data." *Contemporary Economics*, volume 7(1), 19-32.
12. Dordunoo, C.K., and D. Njinkeu (1997), "Foreign Exchange Rate Regimes and Macroeconomic Performance in Sub-Saharan African," *Journal of African Economies*, Supplement to 6 (3), pp. 121-149.
13. Dornbusch, R. (1976), "Expectations and Exchange Rate Dynamics," *Journal of Political Economy*, 84, pp. 1161-76.
14. Dornbusch, R. (1980), "Exchange Rate Risk and the Macroeconomics of Exchange Rate Determination," *NBER Working Paper* No. 493. Cambridge: National Bureau of Economic Research.
15. Edwards, S. (1997), "Exchange Rate Issues in Developing and Transitional Economies," *Journal of African Economies*, Supplement to 6 (3), pp. 37 - 73.
16. Elbadawi, I., and R. Soto (1997), "Real Exchange Rates and Macroeconomic Adjustment in Sub-Saharan Africa and Other Developing Countries," *Journal of African Economies*, Supplement to 6 (3), pp. 74 - 120.
17. Fredman, M. and Roosa, R. (1977), "Free Versus Fixed Exchange Rates: A Debate," *Journal of Portfolio Management*, Spring, pp. 68-73
18. Frenkel, Jacob (1981), "Flexible Exchange Rates, Prices, and the Role of 'News': Lessons from the 1970's," *Journal of Political Economy*, 89, pp. 665-705.
19. Isard, P. (1995), *Exchange Rate Economics*. Cambridge: Cambridge University Press.



20. Kolb, R. (1997), *Understanding Futures Markets*. Blackwell Publishers, Malden, MA and Oxford, UK.
21. Lucas, R.E. (1982), "Interest Rates and Currency Prices in a Two-Country World," *Journal of Monetary Economics* 10, pp. 335-359
22. Mark, Nelson C. (1995), "Exchange Rate and Fundamentals: Evidence on Long-Horizon Predictability," *American Economic Review*, March: 85 (1), pp. 201-218
23. Rogoff, Kenneth (1996), "The Purchasing Power Parity Puzzle," *Journal of Economic Literature* 34, June, pp. 647-668.
24. Svensson, Lars (1988), "Trade in Risky Assets," *American Economic Review* 78, June, pp. 375-394
25. Taylor, Alan M. and Mark P. Taylor (2004), "The Purchasing Power Parity Debate." *Journal of Economic Perspectives*, 18(4), pp. 135-158.
26. Williamson, J. (1997), "Exchange Rate Policy and Development Strategy," *Journal of African Economies*, Supplement to 6 (3), pp. 17 - 36.

6.0 REGIONAL AND INTERNATIONAL FINANCIAL ARRANGEMENTS (15 HOURS)

- 6.1 Optimum Currency Areas (Theory and Practice: CFA; WAEMU; CMA; And EMU)
- 6.2 International Financial Architecture: (IMF, World Bank, African Development Bank) International Payments System; International Coordination; Structure and Composition; Financial Reforms; and International Financial Regulations.
- 6.3 Governance and Stability of the International Financial System.

Core Readings

1. Hallwood, C. Paul and Ronald MacDonald (2000), Chapters 18 & 24.
2. Nelson, Mark (2001), Chapter 3 & 7.
3. Montiel, Peter J. (2009), Chapter 16, 18.
4. Mundell, R. (1961), "Optimum Currency Area," *American Economic Review*, 51 (4) pp. 657- 665.
5. Mckinnon, R. (1963), "Optimum Currency Area," *American Economic Review*, 53 Sept, pp. 717- 825.

Additional Readings

1. African Development Bank (2009). Impact of the Global Financial and Economic Crisis on Africa. African Development Bank Working Paper number 96.
2. Aguiar, M. and G. Gopinath (2005), "Defaultable Debt, Interest Rates and the Current Account," *Journal of International Economics* 69 (1), pp. 64 – 83.
3. Ahluwalia, M. S. (2000), *Reforming the Global Financial Architecture*, London, Commonwealth Secretariat.



4. Arelleno, C. (2005), "Default Risk, Income Fluctuations and Real Exchange Rates," mimeo, University of Minnesota.
5. Bai, Y. and J. Zhang (2005), "Financial Integration and International Risk Sharing," mimeo, Arizona State University and University of Michigan.
6. Bayoumi, Tamim and Eichengreen, Barry (1997), "Ever Closer to Heaven? An Optimum-Currency-Area Index for European Countries," *European Economic Review*, 41, pp. 761-770.
7. Bayoumi, Tamim, and Barry, Eichengreen (1994), "One Money or Many? Analyzing the Prospects for Monetary Unification in Various Parts of the World," *Princeton Studies in International Finance* No. 76, Princeton, N.J., Princeton University, International Financial Section, September.
8. Bordo, M. D. (1981), "The Classical Gold Standard: Some Lessons for Today," *Federal Reserve Bank of St. Louis Review*, May.
9. Cohen, Benjamin (2003), "Monetary Union: The Political Dimension," In Dominick Salvatore, James Dean, and Thomas Willett (Eds.), *The Dollarization Debate* (pp. 221-237). New York: OUP
10. Cole, H. and M. Obstfeld (1991), "Commodity Trade and International Risk Sharing: How Much Do Financial Markets matter?" *Journal of Monetary Economics* 28, pp. 3-24
11. Dellas, Harris and Tavlas, George (2003), "Lessons of the Euro for Dollarization: Analytic and Political Economy Perspectives," In Dominick Salvatore, James Dean, and Thomas Willett (Eds.), *The Dollarization Debate* (pp. 283-293). New York: Oxford University Press.
12. Deverajan, S. and J. de Melo (1987), "Evaluating Participation in African Monetary Unions: A Statistical Analysis of the CFA Zones," *World Development* 15, (4), pp. 483-496.
13. Dupasquier, Chantal and Osakwe, Patrick (2003), "Welfare Effects of Monetary Union and Flexible Exchange Rate Regimes in the Economic Community of West African States," *Economic Commission for Africa, ESPD Working Paper Series*, 2.
14. Eatwell, J. and L. Taylor (2000), *Global Finance at Risk: The Case for International Regulation*. New York, The New Press.
15. Eichengreen, B. (1999), *Toward a New International Financial Architecture*. Washington, IIE.
16. Fischer, S. (1999), "Reforming the International Financial System," *Economic Journal*, No. 109.
17. Frankel, Jeffrey (1999), "No Single Currency Regime is Right for all Countries or at all Times," *Essay in International Finance*: No. 215, Princeton, N.J., Princeton University International Finance Section, August.
18. Frankel, Jeffrey and Andrew, Rose (1998), "The Endogeneity of the Optimum Currency Area Criteria," *Economic Journal*, 108, pp. 1009-25.



19. Frenkel, J.A., and M. Goldstein (Eds) (1991), *International Financial Policy*. Washington, IMF.
20. Ikhide, S. (2010). Impact of South Africa's Monetary Policy on the LNS Economies. *Journal of Economic Integration* 25 (2), pp. 324-352.
21. IMF (1998), Summary of Reports on the International Financial Architecture. Washington DC: The IMF.
22. IMF (2009). Impact of the Global Financial Crisis on Sub-Saharan Africa.
23. IMF (2013). Central African Economic and Monetary Community. Country Report no. 13/322.
24. Jha, Raghendra and Mridul K. Sagar (2000), "Towards a More Rational IMF Quota Structure: Suggestions for the Creation of a New International Financial Architecture," *Development and Change*, 31(3): 579-604.
25. Kaminsky, Graciela L., Carmen M. Reinhart, and Carlos A. Vegh (2003), "The Unholy Trinity of Financial Contagion." *Journal of Economic Perspectives*, 17 (4), pp. 51-74.
26. Kenen, P.B., and A.K. Swoboda (Eds) (2000), *Reforming the International Monetary and Financial System*. Washington, IMF
27. Krugman, P. (1993), "What Do We Need to Know About the International Monetary System," *Essays in International Finance*, No. 20, Princeton University.
28. Lane, Philip R. (2006), "The Real Effects of European Monetary Union," *Journal of Economic Perspectives*, 20 (4): 47-66.
29. Le Gall, F. and Nsouli, S. (2001), "The New International Financial Architecture and Africa," *IMF Working Paper* No. 01/130, September.
30. Lombardi, D. (2011). The Governance of the Financial Stability Board. Brookings Institution Issue paper.
31. Loxley, J. (1984), *The IMF and the Poorest Countries*, Ottawa, North-South Institute.
32. Manova, K. (2008), "Credit Constraints, Equity Market Liberalizations and International Trade," *Journal of International Economics*, vol. 76, pp. 33-47.
33. Manova, K. (2010), "Credit Constraints, Heterogeneous Firms and International Trade," mimeo, Stanford University.
34. Masson, Paul and Catherine Pattillo (2005), "*The Monetary Geography of Africa*," The Washington, D.C. Brookings Institution Press.
35. Masson, Paul and Pattillo, Catherine (2001a), "Monetary Union in West Africa (ECOWAS): Is it Desirable and How could it be Achieved?" *IMF Occasional Paper*, 204
36. Masson, Paul and Pattillo, Catherine (2001b), "Monetary Union in West Africa: An Agency of Restraint for Fiscal Policy?" *IMF Working Paper* No. 01/34
37. Mburu, Tom (2005), "*A Political and Economic Assessment of the Feasibility and Desirability of an East African Monetary Union*," Claremont Graduate University, California, USA.



38. Mishkin, Frederic S. (1999), "Global financial instability: framework, events, issues." *Journal of Economic Perspectives*, 13(4), pp. 3-20.
39. Mkenda, Beatrice (2001), "Is East Africa an Optimum Currency Area?" *Göteborg University Department of Economics Working Paper*, No. 41, (April).
40. Norgeren, C. (2010). The causes of the Global Financial Crisis and their implications for Supreme Audit Institutions. RIKSREVISIONEN.
41. Ogunkola, Olawale (2002), "The Second Monetary Zone in West Africa and the Future of a Single Monetary Zone in Sub-Saharan Africa," presented at the Santiago-Chili International Conference on "Towards Regional Currency Areas" held on 26-27 March, 2002.
42. Polak, J. J. (1991), "The Changing Nature of IMF Conditionality," *Princeton Essays in International Finance*, Vol. 184, Princeton University.
43. Vaubel, Roland (1978), "Real Exchange-Rate Changes in the European Community: A new Approach to the Determination of Optimum Currency Areas," *Journal of International Economics*, 8, pp. 319-339.
44. Yue, V. (2005), "Sovereign Default and Debt Renegotiation," mimeo, New York University.

7.0 INTERNATIONAL FINANCIAL POLICIES (15 HOURS)

- 7.1 International Capital Flows
- 7.2 Global Financial Crisis and Policies
- 7.3 Foreign Aid and Foreign Debt
- 7.4 Trade Finance

Core Readings

1. Hallwood, C. Paul and Ronald MacDonald (2000), Chapters 19 & 23.
2. Montiel, Peter (2009), Chapter 9 & 16.

Additional Readings

1. African Development Bank (ADB) (2009), "Impact of the Global Financial Crisis on Africa" *ADB Working Paper Series* No. 96.
2. Ahn, J. (2010), "A Theory of Domestic and International Trade Finance," mimeo, Columbia University.
3. Ajakaiye, O. and T., Fakiyesi (2009), "Global Financial Crisis: Nigeria" *Overseas Development Institute (ODI) Discussion Series* No. 8.
4. Ajayi Ibi and M Khan, eds. (2000), *External Debt and Capital Flight in Sub - Saharan Africa*. Washington, DC: The IMF Institute.
5. Ajayi, S.I. (1995), Capital Flight and External Debt in Nigeria. *AERC Research Paper* 35, Nairobi, AERC.
6. Alemayehu Geda (2003), 'The Historical Origin of African Debt Crisis', *Eastern Africa Social Science Research Review*, Vol XIX, No. 1 (also at www.Alemayehu.com).



7. Amiti, M. and D. Weinstein (2009), "Exports and Financial Shocks," mimeo, Federal Reserve Bank of New York and Columbia University.
8. Arslanalp, Serkan, and Peter Blair Henry (2006), "Policy Watch: Debt Relief," *Journal of Economic Perspectives*, 20 (1) pp. 207-220.
9. Beck, T. (2002), "Financial Development and International Trade: Is there a Link?" *Journal of International Economics*, vol. 57(1), pp. 107-131.
10. Bhasin, V. K. (2008). Agricultural Trade Liberalization Financing and its Impact on Poverty in Ghana, *African Journal of Economic Policy*, June 2008, Vol. 15, No. 1, 107- 138.
11. Bhinda, Nils, Stephany Griffith-Jones, Jonathan Leope and Matthew Martin (1999), *Private Capital Flows to Africa: Perception and Reality*. The Hague: Forum on Debt and Development.
12. Boyce, James K and Léonce Ndikumana (2001), Is Africa a Net Creditor? New Estimates of Capital Flight from Severely Indebted Sub-Saharan African Countries, 1970-1996. *Journal of Development Studies*, 38 (2), pp. 27-56.
13. Calvo, G. and E. Mendoza (1996), "Reflections on Mexico's Balance of Payments Crisis: A Chronicle of a Death Foretold," *Journal of International Economics*.
14. Calvo, Guillermo A., Leonardo Leiderman, and Carmen M. Reinhart (1996), Inflows of Capital to Developing Countries in the 1990s. *Journal of Economic Perspective*, 10(2), pp. 123-139.
15. Clark, P. and Haizhou, H. (2001), International Financial Contagion and the Fund: A Theoretical Framework" *IMF Working Paper* No. 01/137, September.
16. Collier, Paul, Anke Hoeffler and Catherine Pattillo (1999), Flight Capital as a Portfolio Choice. *World Bank Policy Research Working Paper Series* No. WPS2066, Washington, The World Bank.
17. Collins, C. and A., Senhadji (2002), "Lending Booms, Real Estate Bubbles, and the Asian Crisis." *IMF Working Paper* No.02/20. Washington D.C.: International Monetary Fund, January.
18. Corsetti, G., P. Pesenti and N. Roubini (1998), "What Caused the Asian Currency and Financial Crisis?" *National Bureau of Economic Research (NBER) Working Paper* No. 6833, December.
19. Coulibaly, B. and J., Millar (2008), "The Asian Financial Crisis, Uphill Flow of Capital and Global Imbalances: Evidence from a Micro Study" *International Finance Discussion Papers* No. 942.
20. Edwards, S. (1997), The Mexican Peso Crisis: How Much Did We Know and When Did We Know It?" *National Bureau of Economic Research (NBER) Working Paper* No. 6334.
21. Edwards, Sebastian (1999). "How Effective are Capital Controls?" *Journal of Economic Perspectives*, 13(4): 65-84.
22. Eichengreen, Barry (2003), "Restructuring Sovereign Debt," *Journal of Economic Perspectives*, 17 (4), pp. 75-98



23. Elbadawi, Ibrahim I, B. J. Ndulu and N. Ndung'u (1997), Debt Overhang and Economic Growth in Sub-Saharan Africa. In Zubair Iqbal and Ravi Kanbur (1997). *External Finance for Low-Income Countries*. Washington, D.C. Institute for International Economics.
24. Frankel, J.A. and A.K. Rose (1996), "Currency Crashes in Emerging Markets: An Empirical Treatment," *Journal of International Economics* 41 (3 - 4), pp. 351 -366.
25. Griffith-Jones, S. (1997), "Causes and Lessons of the Mexican Peso Crisis" United Nations University. *World Institute for Development and Economic Research (WIDER) Working Paper No. 132*.
26. Griffith-Jones, S., M.F. Montes and A. Nasution (Eds.) (2001), *Short-Term Capital Flows and Economic Crises*. New York, Oxford University Press.
27. Hernandez, L. and Montiel, P. (2001), Post-Crisis Exchange Rate Policy in Five Asian Countries: Filling in the Hollow Middle? *IMF Working Paper No. 01/170* November.
28. International Monetary Fund (IMF) (2003), "Lessons from the Crisis in Argentina" Prepared by the *Policy Development and Review Department in Consultation with the other Departments*
29. Kaminsky, G. and C. Reinhart (1999), "The Twin Crises: The Causes of Banking and Balance of Payments Problems," *American Economic Review*, 89 (3), pp. 473– 500.
30. Kltzer, Kenneth (1984), Asymmetries of Information and LDC Borrowing with Sovereign Risk. *Economic Journal*, 94, pp. 287-307.
31. Krugman, Paul (1996). "Are Currency Crises Self-Fulfilling?" *NBER Macroeconomics Annual*
32. Lessard, D. and Williamson, J. (1987), *Capital Flight and Third World Debt*. Washington D.C.: Institute for International Economics.
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36. Mosley, Paul (1985), The Political Economy of foreign Aid: A model of the Market for a public Good. *Economic Development and Cultural Change*, 33(2), pp. 373-394.
37. Mosley, Paul, J. Hudson and S. Horrell (1987), Aid, The Public Sector and the Market in Less Developed Countries. *The Economic Journal*, 97(181), pp.616-641.
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42. Robert P. Flood and Peter M. Garber (1984), Collapsing Exchange-Rate Regimes: Some Linear Examples. *Journal of International Economics* 17, pp. 1-13.
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45. Summers, H. L. (2000), International Financial Crises: Cases, Prevention and Cures. *The American Economic Review*, 90 (2), pp. 1-16.
46. Taylor, Mark P. and Lucio Sarno (1997), Capital Flows to Developing countries: Long and Short-term Determinants. *The World Bank Economic Review*, 11(3), pp.451-70.
47. vanWijnbergen, Sweder (1986a), *Aid, Export Promotion and the Real Exchange Rate: An African Dilemma. Macroeconomics Division Development Research Department*, The World Bank.
48. vanWijnbergen, Sweder (1986b), Macroeconomic Aspects of The Effectiveness of Foreign Aid: On the Two-Gap Model, Home Goods Disequilibrium and Real Exchange Rate Misalignment. *Journal of International Economics*, 21, pp.123-136.
49. White, Howard (1992), The Macroeconomics Impact of Development Aid: A Critical survey. *Journal of Development Studies*, 28 (2), pp.163-240.
50. White, Howard (1993), Aid and Government: A Dynamic Model of Aid, Income and Fiscal Behaviour. *Journal of International Development*, 5 (3), pp.305-312.
51. World Bank (1997), *The Road to Financial Integration: Capital Flows to Developing Countries*. New York, Oxford University Press.
52. Zhuang, Juzhong, and Malcolm, Dowling (2002), “Causes of the 1997 Asian Financial Crisis: What Can an Early Warning System Model Tell Us?” *ERD Working Paper* No. 26, October.