Office: A117  
Office Hours: TBA  
Class time: Tuesday 15:40-17:10  
Friday 14:00-15:30  
Classroom: A 227

**General Information**
This course provides an overview of recent key topics in international finance and open economy macroeconomics as well as trade, heterogeneous firms and the international organization of production. The course is intended for second and third year graduate students in the Economics department. All of the first year graduate courses are prerequisites.

**Background Texts:**

**Readings:** All readings can be accessed online.

**Requirements:**
- **Paper presentation (%30):** Every week 2 students will present a paper from the syllabus. The students can prepare for the presentation together, keeping in mind that each of these students have to present. You should see me a week in advance of your presentation to go over your questions and issues regarding the presentation. The logistical details for the presentation schedule will be finalized before October 7, 2011.
- **Research proposal (%40):** The research proposal should critically assess the literature on a particular topic in international finance/trade and provide an outline of future work that would make an original contribution to that area. The paper may not be jointly submitted for this course and another graduate course. You should plan to meet with me fairly early in the semester to identify your topic and you should select your topic prior to the bayram break. The research proposals will be presented during the last two weeks of class. Plan to summarize your proposal in 15–20 minutes. The full research proposal should be handed in at the time of your presentation. The structure of the research proposal will follow the research proposal framework of TUBITAK.
- **In-class quizzes (%25):** Every week there will be an in-class quiz regarding that week’s lecture and also student presentations.
- **In-class discussions (5%):** You will be rewarded for active participation in the discussions following student presentations.
I. Introduction to Open Economy Macroeconomics


II. Quantity Puzzles: International Non-Diversification, Feldstein-Horioka


**III. New Perspectives on Capital Flows**


**IV. Capital Flows to Emerging Markets**


**V. Core Trade Models**

**A. Factor endowments – Heckscher-Ohlin-Samuelson Model: Theory and Empirical Relevance**


**B. Technology differences – Ricardian Trade Theory**


**C. Monopolistic Competition with Representative Agent**


**D. Trade with Heterogenous Agents**


VI. Product Quality


VIII. Multinational Enterprises and Fragmentation of Production


**IX. The outsourcing controversy**

Amiti and Wei, “Fear of Service Outsourcing: Is It Justified?”, NBER WP, 2004


