

The Economics of Mexico

Economics 162-Spring 2007

MWF 10-10:50am

Peterson 103

Instructor

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Wed 11-1 pm

Objective

This course will introduce you to the evolution of the Mexican economy in the past 50 years. In particular, it will explain its transition from a relatively closed economy with a strong government intervention during the mid-twentieth century, to a more liberalized and deregulated economy by the early 1990's. Finally, it will explore the current state of the economy on areas such as: growth, migration, financial sector, poverty and inequality, etc.

Readings

We will rely on papers and book chapters that are, for the most part, empirical in nature. Most of the readings are in the electronic reserve for the course at <http://reserves.ucsd.edu>. Some readings will be available directly from the internet. **All readings are required.**

I will post my Power Point presentations on the course webpage. You should read them too.

Course Webpage <http://econ.ucsd.edu/~rduvalhe/courses/econ162.htm>

Grading

There will be 1 midterm exam and 1 non-cumulative final exam. In addition to that, there will be weekly quizzes to test your understanding of the readings, and to encourage you to read in advance and not procrastinate until the exams come. The distributions of these 3 components will be the following:

Quizzes: 30%

Midterm and Final: 35% each

Course Plan

A. Industrialization, Import Substitution and its Consequences

Patrice Franko (2003) *The puzzle of Latin American economic development*, Lanham: Rowman & Littlefield Publishers Inc., USA, **Chapter 3** (only on physical reserve at SSH Library)

Stephen Haber (2005). "Development Strategy or Endogenous Process? The Industrialization of Latin America", preprint, <http://www.stanford.edu/~haber/papers.html>

Patrice Franko (2003) *The puzzle of Latin American economic development*, Lanham: Rowman & Littlefield Publishers Inc., USA, **Chapter 4** (only on physical reserve at SSH Library)

Nora Lustig (1998) *Mexico : the remaking of an economy*, Washington, DC: Brookings Institution Press, USA, **Chapter 1**

B. Liberalization and Market Reform

Williamson, J. (1995) "What Washington means by policy reform" in *The international political economy and the developing countries* Vol. 1, Haggard, S. (ed.), Aldershot, Hants, England; Brookfield, Vt., USA: E. Elgar, Chapter 18, **pp. 514-528**

Alberto Chong and López de Silanes, F. (2005) "Privatization in Mexico" in *Privatization in Latin America*, Chong, A. and F. López de Silanes, (eds.), IADB-Stanford University Press, Chapter 7, **pp. 349-355**

Gary Clyde Hufbauer and Jeffrey J. Schott (2005) *NAFTA Revisited: Achievements and Challenges*, **Overview p.1-17**,
http://www.iie.com/publications/chapters_preview/332/01ie3349.pdf

In-class Midterm Date TBA

C. The Mexican Economy Today

C1. Macroeconomic Performance and Financial Sector

Gary Clyde Hufbauer and Jeffrey J. Schott (2005) *NAFTA Revisited: Achievements and Challenges*, **Overview p.17-63**,
http://www.iie.com/publications/chapters_preview/332/01ie3349.pdf

Stephen Haber (2004) "Mexico's Experiments with Bank Privatization and Liberalization, 1991-2003", mimeo, <http://www.stanford.edu/~haber/papers.html>

Alberto Chong and López de Silanes, F. (2005) “Privatization in Mexico” in *Privatization in Latin America*, Chong, A. and F. López de Silanes, (eds.), IADB-Stanford University Press, Chapter 7, pp. 355-393

Organization of Economic Co-operation and Development (2005) *Economic Survey of Mexico 2005*, Chapter 1, pp.17-24

http://www.oecd.org/document/54/0,2340,en_33873108_33873610_35320950_1_1_1_1,00.html

C2. Labor Markets

Gordon Hanson (2005) “Globalization, Labor Income and Poverty in Mexico” in Ann Harrison, ed., *Globalization and Poverty*, Chicago: University of Chicago Press and the National Bureau of Economic Research, forthcoming. <http://www.nber.org/books/glob-pov/hanson8-1-05.pdf>

G. Esquivel and Rodriguez, J. (2003), “Technology, trade and wage inequality in Mexico before and after NAFTA”, *Journal of Development Economics*, vol. 72, pp. 543-565

C3. Migration and its effects

Ernesto López-Córdova (2005) “Globalization, Migration, and Development: The Role of Mexican Migrant Remittances”, *Economía. The Journal of LACEA*, vol. 6(1), pp.217-247

Prachi Mishra, (2007) “Emigration and Wages in Source Countries: Evidence from Mexico”, *Journal of Development Economics*, vol. 82(1), pp.180-199

David J. McKenzie (2006) “Beyond Remittances: The Effects of Migration on Mexican Households”, *International Migration, Remittances & the Brain Drain*, C. Ozden and Schiff, M., Eds., World Bank-Palgrave Macmillan, pp.123-147

C4. Poverty and Inequality

Trends

World Bank (2004) “Poverty in Mexico: An Assessment of Conditions, Trends, and Government Strategy”, **read: Summary and Key Messages**

<http://www.bancomundial.org.mx/pdf/estudiosporsector/povertyinmexico/2.pdf>

Ricardo Fuentes and Andrés Montes “Mexico: Country Case Study Towards the Millennium Development Goals at the Sub-National Level”, Human Development Report Office Occasional Paper, Background paper for HDR 2003, UNDP

http://hdr.undp.org/docs/publications/background_papers/2003/Mexico/Mexico_2003.pdf

Policy

Don Sillers (2003) “PROGRESA an Overview”, USAID Working Paper.
http://www.povertyfrontiers.org/ev_en.php?ID=1119_201&ID2=DO_TOPIC

Emmanuel Skoufias and Bonnie McClafferty (2001) “Is PROGRESA Working? Summary of the Results of an Evaluation by IFPRI” FCND DP No. 118, IFPRI.
<http://www.ifpri.org/divs/fcnd/dp/papers/fcndp118.pdf>

D. The Challenges for the Future

Nora Lustig (2001) “Life is not easy: Mexico’s quest for stability and growth”, *Journal of Economic Perspectives*, Vol. 15(1), Winter, pp. 85-106

Organization of Economic Co-operation and Development (2005) *Economic Survey of Mexico 2005*, pp. 24-37
http://www.oecd.org/document/54/0,2340,en_33873108_33873610_35320950_1_1_1_1,00.html

Richard Jackson (2005) “Building Human Capital in an Aging Mexico”, A Report of the U.S.-Mexico Binational Council. Washington: Center for Strategic and International Studies.
read: 1-15
http://www.csis.org/index.php?option=com_csis_pubs&task=view&id=493

Additional Required Reading

George J. Borjas (2000) *Labor economics* Boston: Irwin/McGraw-Hill, 2nd ed.
Appendix to Chapter 1: An Introduction to Regression Analysis