

The Economics of Mexico
Economics 162 - Spring 2016
Tu/Th 2:00-3:20pm
Pepper Canyon Hall (PCYNH), 106

Instructor

Deborah Watkins
dawatkin@ucsd.edu
Center for U.S.-Mexican Studies (CUSMS) 116
Office Hours: W 11:00am-12pm/ Th 4:00-5:00pm

Teaching Assistants

Sam Young
smyoung@ucsd.edu
Econ 126
Office Hours: M 4:00-6:00

Seung-Keun Martinez
sem012@ucsd.edu
Sequoyah 236
Office Hours: Tu 9-10am

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, inequality, competition, recent reforms, etc.

Prerequisites

Econ 1: Principles of Microeconomics & Econ 3: Principles of Macroeconomics

Assessment

Undergraduate Students: Midterm (35%), two problem sets (20%) and a cumulative final exam (45%)

The problem set for the undergraduate class will be posted once the material is covered. They will be due in class one week after being posted. One problem set will be due shortly before the midterm the second will be due shortly before the final exam.

Graduate Students: Midterm (35%), a cumulative final (45%) and one essay assignment (20%)

The essay assignment for graduate students will be posted the day after the midterm. It will be due on the day of the final exam. This essay should be 5-10 pages in length and should really on evidence presented in class as well as independent research and data collection.

Midterm Exam: Thursday April 28th, in class (Tentative)

Final Exam: Tuesday June 7th, 3:00-6:00pm, PCYNH 106

Your teaching assistant Sam Young will hold two review sessions, one before the midterm exam and one before the final exam. The exact date of those review sessions will be determined once we are closer to the exam date

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Readings

We will rely on one book and a number of empirical papers.

[HKMM] Haber, S., Klein, H., Maurer, N. and Middlebrow, K., *Mexico since 1980*, New York: Cambridge University Press, 2008.

Most of the readings are quickly accessible through a search on the internet. If I found that a paper was difficult to locate I include a link to access the paper easily. Only the readings marked with a (*) will be required, all other readings are optional. The lectures slides will be available on the class TED page.

I. Overview of the Mexican Economy

(*) Hanson, G. H. (2010). *Why isn't Mexico rich?* (No. w16470). National Bureau of Economic Research.

OECD. 2015. *OECD Economic Surveys: Mexico*. OECD Publishing.
<https://www.oecd.org/eco/surveys/Mexico-Overview-2015.pdf>

II. Industrialization, Import Substitution and its Consequences

(*) HKMM, Chapter 2, pp. 20-65

Patrice Franco (2003) *The puzzle of Latin American economic development*, Lanham: Rowman & Littlefield Publishers Inc., USA, Chapter 3 & Chapter 4

<http://www.colby.edu/economics/faculty/pmfranko/pdf/3.pdf>

<http://www.colby.edu/economics/faculty/pmfranko/pdf/4.pdf>

III. Liberalization and Market Reform

(*) HKMM, Chapter 3, pp.66-94

Williamson, J. (1990). What Washington means by policy reform. *Latin American adjustment: How much has happened*, 7, 7-20.

http://www.papelesdesociedad.info/IMG/pdf/john_williamson_what_washington_means_by_policy_reform-2.pdf

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

Ramirez, M. D. (2004). Mexico under NAFTA: a critical assessment. *The Quarterly Review of Economics and Finance*, 43(5), 863-892.

Edwards, S. (1998). The Mexican peso crisis: how much did we know? When did we know it?. *The World Economy*, 21(1), 1-30.

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The Mexican Economy Today/Social Issues

IV. Macroeconomic Performance and the Financial Sector

(*) HKMM, Chapter 4, p.95-122

Chong, A., & López-de-Silanes, F. (2004). Privatization in Mexico. p.13-53

http://www.econstor.eu/bitstream/10419/88027/1/idb-wp_513.pdf

Haber, S. (2005). Mexico's experiments with bank privatization and liberalization, 1991–2003. *Journal of Banking & Finance*, 29(8), 2325-2353.

Skelton, E. C. (2012). Mexico develops niche approach to expansion of banking services. *NOTES*, 12(39,830).

V. Labor Markets: Productivity, Inequality & the Informal Sector

(*) Esquivel, G., & Cruces, G. (2011). The dynamics of income inequality in Mexico since NAFTA [with comment]. *Economía*, 12(1), 155-188.

OECD. 2015. *Mexico: Policy Priorities to Upgrade the Skills and Knowledge of Mexicans for Greater Productivity and Innovation*. OECD Publishing.

<http://www.oecd.org/mexico/mexico-policy-priorities-to-upgrade-skills-and-knowledge-of-mexicans.pdf>

VI. Poverty & Education

(*) Gertler, P. J., Martinez, S. W., & Rubio-Codina, M. (2012). Investing cash transfers to raise long-term living standards. *American Economic Journal: Applied Economics*, 164-192.

Don Sillers (2003) "PROGRESA an Overview", USAID Working Paper.

http://www.povertyfrontiers.org/ev_en.php?ID=1119_201&ID2=DO_TOPIC

VII. Migration and Its Effects

(*) Mishra, P. (2007). Emigration and wages in source countries: Evidence from Mexico. *Journal of Development Economics*, 82(1), 180-199.

Chiquiar, D., & Salcedo, A. (2013). *Mexican migration to the United States: Underlying economic factors and possible scenarios for future flows* (No. 2013-20). Working Papers, Banco de México.

VIII. Competition, Regulation & Innovation

(*) McClatchy Newspapers (2012) “Monopolies hold back Mexico's economy with high prices, poor service”

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Peter Pritsch. *Hard Profits: A Cement Titan in Mexico Thrives by Selling to Poor — Cemex's Huge Market Share Lets It Keep prices High, Expand Around the Globe*, The Economist, 2/22/2002
<http://search.proquest.com/docview/398777749?accountid=14524>

OECD. 2012. *OECD review of telecommunication policy and regulation in Mexico*. OECD Publishing.

Lederman, D., & Maloney, W. F. (2002). Innovation in Mexico: NAFTA is not enough. *World Bank, Washington, DC*.
<http://web.worldbank.org/archive/website00955A/WEB/PDF/LEDERMAN.PDF>

IX. Health

(*) Mayer-Foulkes, D. (2003). Market Failures in Health and Education Investment for the Young, Mexico 2000. *Centro de Investigación y Docencia Económicas. Mexico*, 46.

X. Challenges for the Future

(*) Artuç, E., Lederman, D., & Rojas, D. (2015). The rise of China and labor market adjustments in Latin America. *World Bank Policy Research Working Paper*, (7155).

Andres Sada (2013) “Explainer: What is the Pacto for Mexico” Council of the Americas
<http://www.as-coa.org/articles/explainer-what-pacto-por-méxico>

Oscar Bejarano (2014) The Telecommunications Sector in Mexico: Present and Future in the Context of the 2014 Reform, Rice University Baker Institute for Public Policy, p. 1-7, & p. 11-14, & p.20-23, 25-27

