

The Economics of Mexico

Economics 162-Winter 2009

Tu/Th 11:00am-12:20pm

Center Hall 101

Instructor

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Econ trailer (*aka* Econ Annex) 103

Office Hours: Tu/Th, 1:00-2:00 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

Even though we will rely mainly on papers and chapters in books, the only required readings are from the book:

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

All other readings are optional. Most of the readings are going to be available through WebCT or on reserve at the library. Some readings will be available directly from the Internet. Slides from the lectures are going to be posted on WebCT.

Grading

There will be one midterm exam (35%) and a cumulative final exam (45%). There will be also four problem sets (20%). The problem sets are going to be graded on the following basis: check plus (5 points), check (4 points), check minus (2 points). There will be neither make-up exams nor late problem sets accepted. The grade for the problem sets will only depend your best three problem sets.

The exams will have some questions included in the problem sets or slight variations of them. You can also expect at least one question from the required readings. There will be neither make-up exams nor late problem sets accepted.

Problem set #	Date	Due date
1	January 15	January 22
2	January 27	February 3
3	February 19	February 26
4	March 3	March 10

The mid-term exam will take place on February 12, 2009. The final exam will take place on March 19, 2009.

Course Plan

A. Industrialization, Import Substitution and its Consequences

HKMM, Chapter 2, pp. 20-65.

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

B. Liberalization and Market Reform

HKMM, Chapter 3, pp. 66-94.

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.

C. The Mexican Economy Today

HKMM, Chapter 6, pp. 161-200.

C1. Macroeconomic Performance and Financial Sector

HKMM, Chapter 4, pp. 95-122.

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" National Bureau of Economic Research working paper No. 11027. <http://papers.nber.org/papers/w11027>.

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

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

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

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. pp. 1-15
http://www.csis.org/index.php?option=com_csis_pubs&task=view&id=493

Additional Reading

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