



International Trade  
Fabrizio Perri

## International Trade (8402)

### Fall 2007, Mini 2

#### Final project

#### Due Friday, February 1st, 2008, by email

Write a short report (max 2 pages) on how you would tackle a research project on 1 of the following topics. It is ok to talk to your classmates about this project but please submit it individually and most importantly write it individually. Also it is ok to refer to literature (actually one purpose of this exercise is to get you to read some papers) but try to be a bit bold and original!

1. International asset diversification (measured as the gross international asset positions held by residents of a given country) has increased dramatically over the last 20 years. The project explores the *causes* of this increase.
2. Same as above but explore the *consequences* of increased diversification
3. Has the introduction of a common currency in Europe (in 1999) affected risk sharing among member states?
4. One important failure of the standard 2 countries, 2 goods international business cycle model is the set of predictions about real exchange rate. Pick one prediction of the model you find particularly disturbing and describe how you'd modify the model to fix it
5. How would you go about solving the international allocation puzzle discussed by Gourinchas and Jeanne.
6. Business cycle volatility has declined significantly in a number of countries. How would you go about understanding the causes of this phenomenon.
7. Some commentators claim that the large US international debt (global imbalance) is "bad". Can you think of a reasonable framework in which this is the case, i.e in which it is desirable to implement some policies to reduce the imbalance.