



Economics 102 - Summer I 2015

Globalization

Instructor: Catherine Laffineur

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Class Time: Mon/Tue/Wed/Thu 3:30-4:50

Class Room: CSB 005

1- Course Objectives

This course on the economics of globalization presents theories of global economic integration, each grounded in the principle of comparative advantage. Lectures investigate patterns of trade when trade is balanced and capital flow when trade is not balanced, with a focus on trade in goods and service. The course aims to assess the consequences of economic globalization on growth, surplus and income inequality.

2- Problem Sets

There will be two problem sets, due on scheduled dates prior to the two exams. Your solutions to the problem sets will be checked by question (check/half check/no check).

3- Assessment

There will be one midterm exam and a final exam. The midterm exam will take 90 minutes and the final exam will take 120 minutes.

Your final raw score will be your total points from the two exams and the two problem sets

Problem sets: 90 points (45+45 points)

Midterm (90 minutes): 90 points

Final (120 minutes): 120 points

Your final letter grade will be inferred from the typical grade distribution (curve) in economics class at UC San Diego. Grades D or F will not depend on the curve but on a minimal performance standard.

4- Class Schedule

Week 1: Comparative advantage in the Ricardo model and HOS model

1. Mon, June 29- Introduction: global economic integration and inequality

Lecture: Krugman, P.R., M. Obstfeld and M. J. Melitz (2011) "International Economics, Theory and Policy" Chapter 3

2. Tue, June 30- Globalization and the Principle of Comparative advantage

Lecture: Krugman, P.R., M. Obstfeld and M. J. Melitz (2011) "International Economics, Theory and Policy" Chapter 3

3. Wed, July 1- Comparative advantage, distribution of income and Surplus

Lecture: Krugman, P.R., M. Obstfeld and M. J. Melitz (2011) "International Economics, Theory and Policy" Chapter 3

4. Thu, July 2- Comparative advantage in the Heckscher-Ohlin model

Lecture: Krugman, P.R., M. Obstfeld and M. J. Melitz (2011) "International Economics, Theory and Policy" Chapter 5

PROBLEM SET 1 OUT

Week 2: Offshoring and the distribution of income

5. Mon, July 6 Stolper-Samuelson, Rybczynski and Factor Price Equalization theorems

Lecture: Krugman, P.R., M. Obstfeld and M. J. Melitz (2011) "International Economics, Theory and Policy" Chapter 5

6. Tue, July 7 Heckscher-Ohlin model and gains from trade (review section)

Lecture: Krugman, P.R., M. Obstfeld and M. J. Melitz (2011) "International Economics, Theory and Policy" Chapter 5

7. Wed, July 8 Offshoring with multiple production stages: the Feenstra and Hanson (1999) model

Lecture: Muendler 2014/ch. 6, sections 6.1 and 6.2

8. Thu, July 9 Trade in tasks and inequality on the labor market

Lecture: Muendler 2014/ch. 6, section 6.3

Week 3: Instruments of Trade Policy

9. Mon, July 13 Instruments of trade policy

Lecture: Krugman, P.R., M. Obstfeld and M. J. Melitz (2011) "International Economics, Theory and Policy" Chapter 9

10. Tue, July 14 Protection in a large and small country

Lecture: Krugman, P.R., M. Obstfeld and M. J. Melitz (2011) "International Economics, Theory and Policy" Chapter 9

11. Wed, July 15 Effects of subsidies and quotas

Lecture: Krugman, P.R., M. Obstfeld and M. J. Melitz (2011) "International Economics, Theory and Policy" Chapter 9

12. Thu, July 16 Trade policy and welfare (review section)

FIRST PROBLEM SET 1 DUE

PROBLEM SET 2 OUT

Week 4: Arguments for protectionism

13. Mon, July 20 Cases for trade intervention

Lecture: Krugman, P.R., M. Obstfeld and M. J. Melitz (2011) "International Economics, Theory and Policy" Chapter 10 and Chapter 11

14. Tue, July 21 Monopoly, cooperation and dumping

Lecture: Krugman, P.R., M. Obstfeld and M. J. Melitz (2011) "International Economics, Theory and Policy" Chapter 10 and Chapter 11

15. Wed, July 22 Optimal protectionist strategy (review section)

16. Thu, July 23 International capital market in practice

Lecture: Krugman, P.R., M. Obstfeld and M. J. Melitz (2011) "International Economics, Theory and Policy" Chapter 13

Week 5: Capital Flows and the current account

17. Mon, July 27 Fischer model of international capital flows

Lecture: Krugman, P.R., M. Obstfeld and M. J. Melitz (2011) "International Economics, Theory and Policy" Chapter 13

18. Tue, July 28 Gains from intertemporal trade

Lecture: Krugman, P.R., M. Obstfeld and M. J. Melitz (2011) "International Economics, Theory and Policy" Chapter 13

19. Wed, July 29 Current account and solvency

Lecture: Krugman, P.R., M. Obstfeld and M. J. Melitz (2011) "International Economics, Theory and Policy" Chapter 13

20. Thu, July 30 International capital market and welfare (review section)

PROBLEM SET 2 DUE

FINAL EXAM: Sat, August 1