

University of Colorado
Economics in Action: Topics in Globalization (Economics 4999-003)
Fall 2007

Instructor: Professor Wolfgang Keller

Time & place : MWF 2:00 – 2:50 pm in ECON 205

Office : Economics 218

Office hours : MW 3:00 – 4:30 pm

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Course web page: <http://spot.colorado.edu/~kellerw/courses/4999f07/Econ4999f07.htm>

Class Content and Goal:

This class discusses major topics in the area of globalization, where the latter is defined as a major increase in economic integration in the world economy. The goal is that you develop the ability to judge arguments in this debate based upon their economic merits.

To achieve this goal, the course consists of lectures, two presentations by each student leading to a paper, as well as classroom discussion.

There is no required text for this course. On globalization, there are a number of books that you should consider buying:

- *Why Globalization Works*, by Martin Wolf, Yale University Press, 2004.
- *Globalization and its Discontents*, by Joseph Stiglitz, Norton, 2002.
- *In Defense of Globalization*, by Jagdish Bhagwati, Oxford University Press, 2004.
- *Has Globalization Gone Too Far?*, by Dani Rodrik, Institute for International Economics, 1997.

Each book provides good introductory reading on individual topics in the area of globalization. All four of these books are available for this course at the CU bookstore.

I also recommend that you obtain a good undergraduate textbook on international trade. The course lectures are mostly given at the level of the textbooks by Paul Krugman and Maurice Obstfeld, *International Economics: Theory and Policy*, 7th edition, 2005, Addison & Wesley, or Robert Feenstra and Alan Taylor, *International Economics*, preliminary version, 2007, Worth Publishers. Even though my lectures are self-contained, I recommend that you consider buying one of these books if you have not taken a course in International Trade such as CU's Economics 4413 as additional background to the lectures. I will emphasize analytical models of trade and foreign direct investment (FDI), as well as empirical evidence.

Prerequisites

Econ 3070 (Intermediate Micro Theory) and Econ 3080 (Intermediate Macro Theory) are prerequisites for this course.

Course Structure:

This may be changed as appropriate during the term

Aug 27 to Oct 10:	Background lectures introducing analytical tools for studying globalization
Oct 12 to Oct 29:	Student Presentation 1 (fifteen minutes, including questions & classroom discussion)
Oct 31 to Nov 8:	Background lectures, continued
Nov 12 to Dec 14:	Student Presentation 2, based on the student's paper (twenty-five minutes, including questions & classroom discussion)
Dec 7 :	Paper is due
Dec 18 :	Final exam, 1:30 pm (comprehensive)

There will be no class on September 7 and October 24 due to out-of-town commitments. The class time will be made up as needed.

Grading:

Student Presentation 1, Student Presentation 2 each	33%	66%
Final Exam		34% (passing grade necessary to pass the class)
Class attendance		$\geq 75\%$ required to pass the class

All presentations must be made using a laptop and Powerpoint etc, or using transparencies and an overhead projector. I will provide my laptop if you request that, and send the presentation file at least 24 hours before your presentation. I will randomly allocate students to specific time slots for Presentations 1 and 2. You can **only** do your Presentations in that specific time slot. Your paper should not have more than 15 pages, including references and supporting material (references, tables, figures, etc).

The final exam covers (1) the lecture material as well as (2) in the student papers and classroom discussions of the presentations.

How to do well in this class:

- 1) Your research topic in the area of globalization must be primarily economic in nature (see the above four books).
- 2) Your presentations and paper have a specific research question that is being addressed. Simply writing a narrative of a particular country's stance towards trade over a particular time horizon, for example, does not do that.
- 3) In your paper, you use analytical tools (models, equations, graphs) together with data that you have collected to make your points.
- 4) You participate actively in class.

Examples of good research topics:

- 1) The main determinants of child labor in [country]
- 2) What is behind the recent rise of India's high-technology sector, relative to [20 years ago, or another country]?
- 3) The effects of Mexico's exports on low-skilled US workers during [time period]
- 4) The cause behind the shift in US outward FDI from [country x or sector y] to [country w or sector z]
- 5) A comparison of the attitudes towards globalization in [country] during the Interwar period and the 1990s
- 6) The effects of the Free Trade Area of the Americas on skilled and unskilled workers in [American country]

In addition to the four books on globalization mentioned above, good starting points for your research are works by the major international economic agencies: *The World Bank*, *The International Monetary Fund*, *The World Trade Organization*, the *United Nations Conference on Trade and Development*, and the *OECD*. These organizations are also good sources for economic data. More detailed country-specific information is often provided by the national statistical agencies of the respective countries. For example, the US *Bureau of Economic Analysis* (a division of the US Commerce Department) hosts the statistics for US Foreign Direct Investment. A number of Non-Governmental Organizations (NGOs) have also produced reports on various aspects of globalization, for example *Oxfam*. Also helpful may be the reports by consulting firms, such as the *Economist Intelligence Unit* of *The Economist* magazine. Moreover, CU's library subscribes to many important online data bases; you should consult with the reference staff at Norlin Libraries for details about this.

Topics covered in lectures (may be subject to revisions)

1. Globalization: The concept and its history

2. Trade and the incomes of unskilled workers
3. Determinants of Foreign Direct Investment Location
4. Effects of Foreign Direct Investment in the host country
5. Outsourcing Effects on the Home Country
6. Agricultural subsidies and protectionism: political economy
7. International Agreements: Trade, Labor, and the Environment

Detailed references will be given in class.