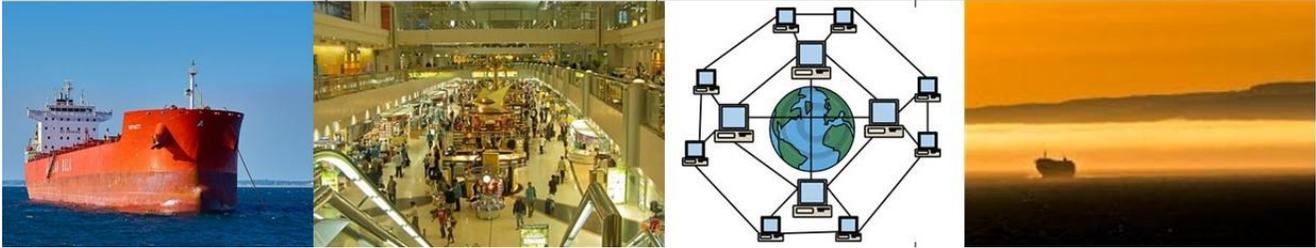


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Student Support and Feedback Hours: Thursdays 1.30PM – 2.30PM or by appointment



## Module Description: What you will Learn

This term (and perhaps this academic year) is going to be very different from anything anyone of us have experienced in the past. This document alongside the Key Module and Assessment materials on the Econ0023 Moodle page are intended to provide you with an overview of how you will learn and be assessed in this module. While this is an exciting time to be studying globalisation and migration as we are, it may also be a trying time for you (and me!) personally. Please note that there are various different ways to get in touch with me if you are feeling unsure or overwhelmed, or simply want to have a chat.

The aim of this module is to introduce the tools used by economists to analyse patterns of international trade and to study international trade and migration policy in order to understand the past, present and future of globalisation. We will start by considering the recent history of global integration, then moving onto recent developments in global supply chains and over the past few months, the effects of the Covid-19 crisis and the brewing trade wars on international trade issues

In this module, we will rely on formal economic modelling to help us understand past and current events in the world economy. Therefore, it is imperative that you are not only familiar with the microeconomics tools and models from Econ0002 and Econ 0013, but that you also feel comfortable using and manipulating them. If you are taking this module, I will assume this to be the case. If you do not feel absolutely comfortable with these tools, I strongly urge you to review the materials from these modules early on in the term. You will also be expected to complete an **independent research project** (details on last page), so please make sure that you review empirical methods learned in your first year applied and statistics modules (and econometrics if you have taken it).

This module is complementary to ECON0122 (Advanced Topics in International Economics) and is a good foundation for those interested in taking Econ0122 (in Term 2). While ECON0023 covers foundational ideas in the field of international trade, Econ0122 focuses on recent theoretical developments as well as the econometric techniques used to evaluate the effects of trade.

## Weekly Structure: How you will learn

***NB: Please note that the details of readings and other elements of this syllabus may be updated at various points during the term.***

Each Sunday you will get access to the core materials for the following week as well as the tasks (usually a weekly quiz and a discussion forum activity) to be completed before the live session on Thursdays. In addition, both I and your teaching assistant will have regular student support and feedback hours where you can drop in to discuss any issues around this module. Please find below a brief rundown of all these activities; details of all of these are on the Econ0023 Moodle page.

**Live Session Prep:** Sunday-Wednesday each week

Each Sunday, the core materials for that week - a selection of readings, videos, podcasts and other materials - will be posted on Moodle, along with activities such as quizzes and discussion forum posts. You will need to complete these before the live sessions on Thursdays.

**Live Sessions with Prof Chaudhury:** Thursdays 11AM-1PM

In these interactive sessions, we will have an overview of the topic for the week and go through questions and answers to various aspects of the topic including applications of theoretical material to (current) policy issues. These discussions will assume that you have completed the prep tasks above and have a good grasp over the core materials for the week. We will also have two high-profile guests visit the class and answer your questions this term.

**Live tutorial sessions:** TBC

In these interactive sessions, you will work in groups and with your tutor to apply your learning on the topic for the session and to give and receive feedback on your work so far.

**Study groups:**

**Assessment:** There are weekly assessment elements, as well as a final Moodle quiz and a research project as described on the next page.

## Assessment information: How your learning will be examined

### Summative Assessment:

There are four elements included in the final assessment for this module.

- Each week, there will be a short **weekly Moodle quiz** to complete. This will contain both MCQ and other types of questions. There will be no quiz on the first and last weeks, and the best 6 out of the 8 quizzes will count towards the final module mark (**20%**).
- During the final week of term, you will complete the **final Moodle quiz** which counts for **30%** of the module mark. The content will cover the entire term and there will be MCQ as well as other types of questions.
- Finally, you will complete an **independent research project** on a topic in international trade and migration. The assessment for this project includes a **1500 word (not including tables, graphs and references) report and a 2-minute “elevator pitch”** and counts for **50%** of the module mark. 75% of the project mark will be for the report and the remaining 25% for the elevator pitch. To choose your topic, you will be provided with several datasets and will need to choose one of these datasets and come up with a question that can be answered using this dataset. Note that a sophisticated econometric model is not required for this project, in many cases, a thoughtful descriptive analysis and suitable data visualization will be appropriate. The report will need to include both the empirical analysis as well as a literature review.

### Formative Assessment:

There are three elements to the formative assessment for this module:

- *Discussion Forum Engagement:* Each week, you will be provided with a prompt to discuss, and guidance about when and how to post.
- *Assignments:* These will include short essays as well as numerical/theoretical questions. All problem sets should be submitted using the PS link on Moodle (through Turnitin). Marked problem sets will be returned to you through Turnitin as well. Please note that some questions (mostly numerical ones) in each problem set will **NOT BE MARKED**. Submitting these questions is therefore your choice. You are strongly advised to complete these unmarked questions whether or not you submit them, as they provide invaluable training for the Moodle quizzes and to make sure you understand the theory for the project.
- *Tutorial attendance and participation:* Tutorials will be interactive sessions to help prepare you for the various assessment elements and give you a chance to get feedback on your work so far. It is therefore vital that you attend these and maintain active participation.

Formative assessment marks do not count towards the final mark in this module. ***But please note that in case of inadequate performance in coursework or absence from classes the course lecturer may recommend to the Departmental Tutor that he consider barring a student from the final assessments.***

Please see the Economics Student Support Moodle page for more on Extenuating Circumstances, Statements of Reasonable Adjustment and any other assessment-related issues.

## Readings:

**Please note that the starred (\*) readings below are the most relevant ones for the corresponding week. Each week you will receive guidance on which readings/videos etc (not all listed below) to go through and which tasks to complete ahead of the live interactive session.**

Main texts (you DO NOT have to purchase both, just having access to them e.g. in the library is fine):

- ❖ Krugman, Obstfeld, and Melitz, *International Economics*, 10<sup>th</sup> Edition, Pearson (KOM). Note that older editions of this book (by Krugman and Obstfeld) are also acceptable, and may in fact be less expensive, e.g. through secondhand purchase.
- ❖ Feenstra, R.C., and A. M. Taylor, *International Economics* (Worth Publishers), 2008 – covers similar material to KOM, slightly more technical (FT)

Other texts you may want to refer to (not required for purchase):

- ❖ Husted and Melvin (2009) *International Economics*; 8th Edition (Pearson) – this is a more basic text but has lots of tables and graphs of data
- ❖ Markusen, James et al., *Trade, Theory and Evidence* an excellent (although a bit dated) textbook, available (in its entirety) online (see links in reading list below).
- ❖ Suranovic, S. M, *International Trade: Theory & Policy*  
<http://internationalecon.com/v1.0/toc.html> - this is an excellent online text

The journal articles below are all available through the [UCL Library website](#).

## Details of Readings by Topic:

Please note that the main (in many cases, classic) readings on each topic are listed below. There is also a “live” reading list, which is posted below the link for each lecture on the Moodle page. In addition to this, and relevant particularly to your research paper, are those listed on the Twitter reading list (updated on the right-hand side of the Moodle page) under the hashtag *#uclinternationaltrade*. There are also several readings on migration on Twitter under the hashtag *#ucleconomicthinking*.

### Topic 1: Institutions and International Trade in a Historical perspective

- \*KOM Chapters 1 and 2
- \*Deardorff, Alan V. and Robert M. Stern, “What You Should Know about Globalization and the World Trade Organization”, *Review of International Economics*, August 2002, Parts I and II.
- \*Irwin, Douglas, *Free Trade Under Fire*, Princeton University Press, 2009, Chapter 1.
- Helpman, Elhanan, *Understanding Global Trade*, Chapter 1.
- Irwin, Douglas, “The United States in A New Global Economy? A Century’s Perspective,” *American Economic Review*, May 1996.
- Krugman, Paul, “What do Undergrads Need to Know about Trade?” *American Economic Review*, May 1993, p. 23-26 (in *Pop Internationalism*)
- McLaren: *International Trade*, Chapter 1.

### Topic 1.5: Endowment Economies (on video); Consumer Theory Review; Aggregation issues

- Markusen et al: *International Trade*, Chapter 3. (A review of properties of indifference curves and utility maximization.)
- Varian: *Intermediate Microeconomics*, Chapters 2 – 6, 9.
- Varian: *Intermediate Microeconomics*, Chapter 31.

### Topic 2: Gains from Trade & The Ricardian Model:

- \*KOM Chapter 3
- \*Krugman, Paul (1994), "Competitiveness: A Dangerous Obsession" in *Foreign Affairs*, vol. 13, No 2 (available from <http://www.pkarchive.org/global/pop.html>).
- \*Krugman, Paul (1996), “Ricardo’s difficult idea”, (available from <http://web.mit.edu/krugman/www/ricardo.htm>).
- Markusen et al., [Chapter 7](#)
- McLaren: *International Trade*, Chapter 2.
- Helpman, Elhanan, *Understanding Global Trade*, Chapter 2.
- Arnaud Costinot and Dave Donaldson: “Ricardo’s Theory of Comparative Advantage: Old Idea, New Test”, May 2012, AER Papers and Proceedings.
- Paul Samuelson: “Why Ricardo and Mill Rebut and Confirm Arguments of Mainstream Economists Supporting Globalization”, *Journal of Economic Perspectives* (Summer 2004), pp. 135-146.
- Arvind Panagariya: “Why the Recent Samuelson Paper is NOT about Offshore Outsourcing” *The Economist: Economics Focus*, Sep 16th 2004.

Topic 3: The Specific Factors Model:

- \*KOM Chapter 4.
- McLaren: *International Trade*, Chapter 5.
- Markusen et al. Chapter 9.
- \*Elhanan Helpman: *Understanding Global Trade*, Chapter 3.
- George Borjas, Richard Freeman and Lawrence Katz, "Searching for the Effect of Immigration on the Labor Market," *AER*, May 1996, pp. 246-251.
- David Card, "The Impact of the Mariel Boatlift on the Miami Labor Market," *Industrial and Labor Relations Review*, January 1990.

Topic 4: The Heckscher-Ohlin Model

- \*KOM Chapter 5.
- Markusen et al. Chapter 8.
- McLaren: *International Trade*, Chapter 6.
- Hal Varian: *Intermediate Microeconomics*, Chapter 20
- Elhanan Helpman: *Understanding Global Trade*, Chapter 2 & 3.
- Paul Krugman: "In Praise of Cheap Labor," *Slate*, March 1997.

Topic 5: The Heckscher-Ohlin Model – application to the trade and wages debate

- Helpman, Elhanan (1999), "The structure of foreign trade", *Journal of Economic Perspectives* 13(2): 121-144. (up to and including section 4)
- \*Paul Krugman and Robert Lawrence: "Trade, Jobs, and Wages," *Scientific American*, April 1994. (in Pop Internationalism)
- \*Richard Freeman: "Are Your Wages Set in Beijing?" *Journal of Economic Perspectives*, Summer 1995.
- Paul Krugman: "Does Third World Growth Hurt First World Prosperity?," *Harvard Business Review*, July-August 1994 (in Pop Internationalism)
- Douglas Irwin: *Free Trade Under Fire*, Chapter 3.
- Dani Rodrik: *Has Globalization Gone Too Far?* Chapter 2.

Topic 5.5: Increasing Returns (I): Motivating Examples and External Economies of Scale

- K-O-M, Chapter 7.
- McLaren: *International Trade*, Chapter 3.
- Elhanan Helpman: *Understanding Global Trade*, Chapter 4.

Topic 6: Increasing Returns (II): Internal Economies of Scale, Imperfect Competition and Trade Structure; Oligopoly and Reciprocal Dumping

- \*K-O-M Chapter 8
- Elhanan Helpman: *Understanding Global Trade*, Chapter 4
- McLaren: *International Trade*, Chapter 4
- Krugman, Paul (1979), "Increasing returns, monopolistic competition, and international trade",

*Journal of International Economics* 9(4): 469-479 (reprinted as Chapter 1 in *Rethinking International Trade*, Krugman (1991)).

- Krugman, Paul (1987), "Increasing Returns and the Theory of International Trade", in *Advances in Economic Theory*, Fifth World Congress, edited by Truman F. Bewley
- Helpman, Elhanan (1999), "The structure of foreign trade", *Journal of Economic Perspectives* 13(2): 121-144. (section 5 onwards)

#### Topic 7: Trade Policy (I). Import Tariffs and Quotas.

- \*K-O-M, Chapter 9
- Robert Feenstra: "How Costly is Protectionism?" *Journal of Economic Perspectives*, 1992.
- Robert Baldwin: "The Political Economy of Trade Policy," *Journal of Economic Perspectives*, Fall 1989.
- Paul Krugman: "Is Free Trade Passe?" *Journal of Economic Perspectives*, Fall 1987.

#### Topic 7.5: Trade Policy (II). Other Trade Policy Instruments.

- K-O-M, Chapter 9

#### Topic 8: International Trade Agreements and the WTO.

- \*K-O-M, Chapter 10
- Douglas Irwin: *Free Trade Under Fire*, Chapter 5 and 6.
- Alan Deardorff and Robert Stern: "What the Public Should Know about Globalization and the World Trade Organization," July 2000, Part III.
- Jagdish Bhagwati (2002), *Free Trade Today*, Princeton University Press, Chapters 1, 2.
- Irwin, Douglas A., "Retrospectives: Challenges to Free Trade", *Journal of Economic Perspectives*, Vol. 5, No. 2. (Spring, 1991), pp. 201-208
- Irwin, Douglas, "GATT turns 60", *The Wall Street Journal*, 2007, (available from <http://www.dartmouth.edu/~dirwin/GATT%20at%2060.html>)
- Paul Krugman: "The Uncomfortable Truth About NAFTA," *Foreign Affairs*, November 1993.

#### Topic 9: The Future of Globalization.

- \*Rodrik, Dani, "Brexit and the Globalization Trilemma", [http://rodrik.typepad.com/dani\\_rodriks\\_weblog/2016/06/brexit-and-the-globalization-trilemma.html](http://rodrik.typepad.com/dani_rodriks_weblog/2016/06/brexit-and-the-globalization-trilemma.html)
- Rodrik, Dani, "The Limits of Trade Policy Reform in Developing Countries", *Journal of Economic Perspectives* 6(1), Winter 1992 (reprinted in P. King, ed., *International Economics and International Economic Policy: A Reader*, 2nd ed., New York, McGraw-Hill, 1995).
- Elliott, Kimberly Ann and Richard B. Freeman, 2003. "Can Labor Standards Improve under Globalization?," Peterson Institute Press: All Books, Peterson Institute for International Economics, number 338, November.
- Goldberg, Pinelopi and Nina Pavcnik, NBER Digest on "Distributional Effects of Globalization in Developing Countries", (available from <http://www.nber.org/digest/aug07/w12885.html>)