

6133 – ECONOMICS OF GLOBALIZATION

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Instructors

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Outline of the Course and Reading List

Compulsory readings are labelled by *.

1. Globalization: Key Concepts and Stylized Facts

What is new about the current wave of globalization?

*Lecture slides;

*Ch. 1 in Feenstra, R.C. and A.M. Taylor (2008), *International Trade*, Worth Publishers;
Baldwin, R. and P. Martin (1999). "Two Waves of Globalization: Superficial Similarities,
Fundamental Differences," *NBER W.P.* No. 6904.

2. Offshoring and Multinational Firms

The growing international fragmentation of the production chain

* Ch. 7 in Feenstra, R.C. and A.M. Taylor (2008). *International Trade*, Worth Publishers.

3. Trade Policy Principles

Why do countries trade? Why do governments use trade policy to restrict trade flows?

*Ch. 17 in Krugman P., R.Wells, *Microeconomics*, Worth Publ., first ed., (200?);

*Ch. 9 in Feenstra, R.C. and A.M. Taylor (2008). *International Trade*, Worth Publishers;
Epifani, P. and G. Barba Navaretti (2006). "Trade Policy Principles," in D. Tarr and G. Barba
Navaretti Eds., *Handbook of Trade Policy and WTO Accession for Development in Russia and the
CIS*, Chapter 2 (World Bank, Washington).

4. The Controversy between Free Trade and Protectionism

The debate on the pros and cons of trade liberalization

*Eichengreen, B. and D.A. Irwin (2009). "The Slide to Protectionism in the Great Depression: Who
Succumbed and Why?," *NBER WP15142*, July;

*Evenett, S.J., B.M. Hoekmann and O. Cattaneo (2009). "The Fateful Allure of Protectionism: Taking
Stock for the G8," CEPR-WorldBank.

5. Comparative Advantage versus International Competitiveness

Does country competitiveness matter?

- * Bloom, N., R. Sadun and J. Van Reenen (2008). "Measuring and Explaining Management Practices in Italy," *Rivista di Politica Economica*, March-April;
- Council on Competitiveness (2009). "U.S. Manufacturing - Global Leadership Through Modelling and Simulation," *White Paper*, March.

6. Case Study: China's Embrace of Globalization

The process of trade and investment liberalization in China

- *Lecture notes;
- *Branstetter, L. and N. Lardy (2006). "China's Embrace of Globalization," *NBER Working Paper* No. 12373;
- Blanchard, O. and F. Giavazzi (2006). "Rebalancing Growth in China: A Three-Handed Approach," *CEPR DP* No. 5403.

7. Firms in International Trade

Why are exporting firms so different from non-exporting firms?

- *Lecture notes;
- Helpman, E. (2006). "Trade, FDI and the Organization of Firms," *Journal of Economic Literature*, Vol. XLIV (September), pp. 589–630.

8. Institutions, Culture and International Specialization

How do formal and informal institutions affect a country's pattern of international trade?

- *Lecture notes;
- Costinot, A. (2009). "On the Origins of Comparative Advantage," *Journal of International Economics* 77, 255-264;
- Bloom N., R. Sadun, J. Van Reenen, "The Organization of Firms across Countries," *NBER WP15129*, July 2009.

9. Financial Globalization

Why doesn't capital flow from rich to poor countries?

- *Lecture notes;
- *Prasad, E., R. Rajan and A. Subramanian (2007). "Foreign Capital and Economic Growth," *NBER WP* No. 13619;
- Rodrik, D. (2007). "How To Save Globalization from its Cheerleaders," mimeo, Harvard University.

10. Trade Costs and the Gravity Equation

Why does physical distance still matter for international trade?

- *Lecture notes;
- Anderson, J. and E. van Wincoop (2004). "Trade Costs," *Journal of Economic Literature*, Vol. XLII (September), pp. 691–751.

Assessment

Written exam at the end of the course (no midterm exam).