

## **ECON 485: Globalization and Inequality**

### **Class Schedule**

Monday, Wednesday 5:00-6:20

Washington Hall 317 (Or Zoom)

### **Contact Information**

Professor: John Lopresti

Email: [jvlopresti@wm.edu](mailto:jvlopresti@wm.edu)

Office: Tyler 243

Virtual Office Hours: Tuesday 11:00 – 12:00, Friday 11:00 – 1:00, or by appointment

### **Course Description**

Virtually all models of international trade emphasize the distributional consequences of globalization – across individuals, firms, industries, and countries. This, combined with the empirical relevance of economic inequality, has led to an explosion of work on the relationship between trade and inequality in the past 30 years. In this course we will explore approaches to measuring trade's distributional effects and the channels through which the trade and inequality are related.

This course fulfills the COLL 400 capstone experience. As such, students are required to “synthesize and apply critical analysis, solve problems in an applied and/or academic setting, create original material or original scholarship, and communicate effectively with diverse audiences.” Course assignments are designed with these requirements in mind.

Much of this course will be discussion-focused, with an emphasis on understanding a particular topic or paper together, as a class. As such, it is important to prepare for and participate in class by reading and thinking about the assigned material. Active participation will lead to successful seminars and help suggest avenues for your own work. As the readings will often involve some degree of technical sophistication, Econometrics (ECON 308) and International Trade Theory (ECON 475) are prerequisites for the course.

### **Useful Texts (Not Required)**

Globalization and Inequality, by Elhanan Helpman (2018)

Advanced International Trade: Theory and Evidence, by Robert C Feenstra (2<sup>nd</sup> edition)

Mastering 'Metrics: The path from cause to effect, by Joshua D. Angrist and Jörn-Steffen Pischke (2014)

## Assignments

- There will be one problem set building on an existing empirical paper. This is designed to help you get comfortable manipulating data and prepare you for your own research project.
- There are three writing assignments:
  - A non-technical article intended for a broad audience without an economics background. This article will summarize the findings from some body of work on trade and inequality.
  - A 2-3 page research proposal. This will motivate an original research idea and outline the steps needed to complete the project successfully.
  - A final paper with original economic content.
- You will make two presentations in class
  - In the first presentation you will motivate and present a published paper
    - 10 minutes, with 5 minutes for questions
  - In the second presentation you will present your final paper as a work in progress
    - 20 minutes, with 5-10 minutes for questions
  - Students taking the class remotely will record their presentations, which will be posted to Blackboard. Students will be required to watch these videos and submit comments/questions to the presenters.
- To fulfill the participation requirement, students taking the course remotely should submit three brief (no more than a few sentences each) comments or questions about the week's material by midnight Sunday (Eastern time). These comments should not be overly vague, but should demonstrate that the student has engaged with the week's material.
- Due to the shortened semester, we are required to hold additional class outside of regular hours. Part of this requirement will be met through student discussions posted to Blackboard. I will post additional asynchronous videos for the remainder.

## Key Dates

Replication Exercise: Wednesday, September 9

Paper proposal: Wednesday, September 23

Non-technical Article: Monday, October 12

Paper Discussion: One each class beginning Monday, September 28

Final paper presentations: Monday, November 2 – Wednesday, November 11

## Grading

- Class Participation: 15%
- Replication Exercise: 15%
- Non-technical article: 15%
- Paper Proposal: 10%
- Published Paper Discussion: 15%
- Final paper Presentation: 15%
- Final Paper: 15%

## Additional Notes

This will be a challenging semester for many of us. It is my goal to help you learn about the world through the lens of international trade. It is not my goal to make your life miserable. While the expectations for William & Mary students remain high, I understand that there may be times where students are unable to meet deadlines, attend class, etc. It is my intention to be as flexible as possible. If you are struggling with the course for any reason, please contact me to discuss adjustments we can make.

Additionally, please let me know if some portion of the class is not functioning as well as it might – especially the online components. Your feedback is the most useful input in improving the course.

## Face Masks and Physical Distancing

Please do your part to help keep our community safe. Per university policy, wearing a face mask is required in all public or communal spaces, including classrooms. This face mask must fully cover your mouth and nose. Students will be responsible for cleaning classroom desk space before and after use. Our classroom has been reconfigured to allow at least six feet between each student and at least six feet from the instructor. Please do your part to maintain that distance. Although students and faculty normally interact in close proximity during class, that will not be possible this semester. To better accommodate our need to be in close proximity to review assignments or assist in solving technology issues, office hours will be held via Zoom to allow screen sharing.

## Student Accessibility Services

William & Mary accommodates students with disabilities in accordance with federal laws and university policy. Any student who feels they may need an accommodation based on the impact of a learning, psychiatric, physical, or chronic health diagnosis should contact Student Accessibility Services staff at 757-221-2512 or at [sas@wm.edu](mailto:sas@wm.edu) to determine if accommodations are warranted and to obtain an official letter of accommodation. For more information, please see [www.wm.edu/sas](http://www.wm.edu/sas).

## W&M Honor Code

The College of William & Mary has had an honor code since at least 1779. Academic integrity is at the heart of the College, and we all are responsible for upholding the ideals of honor and integrity. The student-led honor system is responsible for resolving any suspected violations of the Honor Code, and I will report all suspected instances of academic dishonesty to the honor system. The Student Handbook ([www.wm.edu/studenthandbook](http://www.wm.edu/studenthandbook)) includes your responsibilities as a student and the full Code. Your full participation and observance of the Honor Code is expected. To read the Honor Code, see [www.wm.edu/honor](http://www.wm.edu/honor). All academic work in this course is to be your own.

## Tentative Outline of Topics

### 1. Inequality and Globalization in Perspective

What are the facts about trade and inequality, both historically and more recently? What do we mean when we say “inequality”?

### 2. Inequality and Classical Trade Theory

A century of trade theory makes strong predictions for the distributional consequences of trade. How well does the theory match the data? Why might it fail?

### 3. Offshoring and Inequality

Classical models fail to match the patterns of inequality and trade. Do models of offshoring fare better? What are the theoretical implications and what do the data say?

### 4. Heterogeneous Firms

Firms are different, which means the effect of trade varies across companies. How? What are the channels through which trade differentially affects firms, and what does this mean for workers?

### 5. Labor Market Frictions and Inequality

Why don't people just move to opportunity? What, specifically, are the frictions that prevent the “losers” from trade from moving to better jobs?

### 6. Inequality Across Local Labor Markets

In a world with imperfect mobility, where you start matters. How mobile are workers, and what is the evidence for the geographic concentration of trade shocks? Do effects persist?

### 7. Trade and Technology

Trade and technology are intimately related – can we separate the two? Which has played a larger role in driving inequality? What do we even mean by “technology”? Does one affect the other?

### 8. Consumption Inequality

Most of the literature focuses on the distributional consequences of trade for income and employment. What about consumption? Do different income levels experience different consumption effects? Is there a geographic component to this as well? What does this mean for the recent trade war?

### 9. Politics of Globalization and Inequality

What determines trade policy? How do economic outcomes map to electoral outcomes? Which models of trade fare better in explaining voter preferences?

### 10. Miscellaneous

Grab bag as time permits. So much to learn!