

ECON 255

Understanding Globalization

Course Outline

Instructor: Ashok Kotwal
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Office hours: Wed 4 – 5 pm; Th 2-3 pm.
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TA Office hours: To be announced later.

Course web pages: <http://faculty.arts.ubc.ca/akotwal/courses.htm>

Also, go to <http://www.vista.ubc.ca/> and use your CWL to log in.

Textbooks: William Easterly, The Elusive Quest of Growth, The MIT Press, 2002, (paperback).
Douglas Irwin, Free Trade Under Fire, Princeton University Press, 2005, (Paperback).
Thomas Oatley, Debates in International Political Economy, Second Edition, 2012.
Reading Package (RP) for Econ 255 to be purchased from Copiesmart, University Village.

What is the course about?

Globalization is often the subject of heated debate. Its advocates highlight its promise to lift entire populations out of poverty through trade and economic growth. Its detractors argue that it promotes environmental damage and cultural homogenization, leads to increasing inequality and weakens the national state at the hands of multinational corporations.

These debates will be at the centre of the course. To understand them, we will have to step back and ask some basic questions. We will first explore the web of phenomena that make up globalization, and define them precisely. We will also take a look at the history of globalization and examine the current situation in the context of more than two millennia of history.

Globalization is intricately related to economic growth. In order to understand their links, we will take a look at the determinants of growth. What makes some countries rich and others poor? Are there policies that can promote growth everywhere? If so, why aren't they implemented? Is growth sustainable? Does growth reduce poverty? Does globalization promote growth?

The interaction between globalization and growth is all-important because many of the negative aspects of globalization are also attributable to growth. Environmental degradation, widening inequality, and governance issues all arise to some extent in rapid growth scenarios, with or without globalization. One of our challenges will be to separate the effects of globalization from those of growth when possible, and to recognize their interaction when not.

Ultimately, we shall seek to acquire tools to evaluate national and transnational policies in a context marked by the twin forces of globalization and growth. If our ultimate goal is to reduce global poverty, how should we harness these forces? Can we afford to have growth and economic integration? Can we afford not to?

You will soon realize that most of the questions posed in this course do not have a black or white answer. In that spirit, I urge you to come to class with an open mind, and to argue your points from a perspective of logical reasoning rather than ideological dogmatism. Leave political slogans aside; gather evidence, think through the issues, and form your own opinion.

How does the course work?

Let's get the bad news out first: this course is going to be **a lot of hard work**. You will be reading large amounts of material, some of which will require you to learn novel concepts and grasp complicated economic models. You will have to come prepared to both the lectures and the tutorials, and you will be expected to discuss the assigned material in class.

Each week, there will be two one-hour lectures and a one-hour tutorial. They will cover different material, **all** of which will be examinable. In the lectures, you will need to be prepared to participate in discussion and in-class exercises.

In the tutorials, you will be expected both to present assigned material and to debate your classmates' presentations. Your participation in tutorials will determine a significant portion of your grade.

All the tutorials will be based on Thomas Oatley's book "*Debates in International Political Economy*" (Second Edition).

Anything I send over the university's broadcast email will be considered an official communication. It is your responsibility to ensure that your email address on your SSC

profile works. Before the first class, you should have received a test message from me. If you have not, please solve the problem as soon as possible.

Grading

The grading scheme for the course is as follows:

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|----------------------------|-----|
| - Tutorials presentations: | 10% |
| - Tutorial participation: | 10% |
| - Midterm: | 30% |
| - Final (comprehensive): | 50% |

- Jan 4 Introduction to the course.
- Jan 9 - 11 Multiple faces of globalization. Economic, social, environmental and cultural effects.
Readings: Arundhati Roy (Reincarnation of Rumpelstiltskin) (<http://www.commondreams.org/views02/0307-03.htm>), *Maria Vargas Llosa (The Culture of Liberty)* (<http://www.hacer.org/pdf/mario1.pdf>).
- Jan 16 - 18 Brief history of globalization.
Readings: Nathan Nunn and Nancy Qian (The Columbian Exchange: A History of Disease, Food and Ideas) (<http://pubs.aeaweb.org.ezproxy.library.ubc.ca/doi/pdfplus/10.1257/jep.24.2.163>), *Kevin O'Rourke and Jeffrey Williamson, Globalization and History*, (Trans Atlantic Migration, Chs. 7 and 8). (<http://site.ebrary.com.ezproxy.library.ubc.ca/lib/ubc/docDetail.action?docID=10225281>)
- Jan 23 - 25 Case for Globalization – it induces growth which leads to poverty reduction.
Readings: (RP#1) Emma Aisbett, Ann Harrison and Alix Zwane ('Globalization and Poverty: What is the Evidence?'), William Easterly (To Help The Poor).
- Jan 30–Feb 1 What drives economic growth? (Theory)
Readings: William Easterly (Solow's Surprise), (Creative Destruction).
- Feb 6 - 8 Dissatisfaction with Globalization
Readings: (RP#2) Dani Rodrik (Has Globalization Gone Too Far?), (RP#3) Joseph Stiglitz (Globalism's Discontents)
- Feb 13 Review
- Feb 15 MIDTERM

MIDTERM BREAK

Feb 27– Ma 5 International trade.

Costs and benefits of trade liberalization, who gains and who loses?
Readings: Irwin ('The Case for Free Trade' & 'Trade, Jobs and Displaced Workers'), (RP#4) Stiglitz and Charlton. ('Trade Can Be Good for Development' & 'The Need for a Development Round')

Mar 7 Globalization and the environment. The environmental Kuznets curve. International climate agreements and their effectiveness.
Readings: (RP#5) Brian Copeland ('Trade and Environment: What do we know?')

Mar 12 - 14 International organizations for global governance. IMF, World Bank, WTO.
Readings: Douglas Irwin (WTO and the New Battlegrounds'), (RP#6) Dani Rodrik ('Global Governance of Trade as if Development Really Mattered')

Mar 19 - 28 Financial crises. The Asian crisis of 1998, and the crisis of 2007-11.
Readings: Alpert, Hockett and Roubini (The Way Forward: Moving from Post-Bubble, Post Bust Economy to Renewed growth and Competitiveness)

Apr 2 Globalization and Rising Inequality.
Reading: TBA.

Apr 4 Review.

Tutorials (with chapters from Oatley's book):

You must attend all tutorials – attendance will be taken at the beginning of class and factored into your grade. Tutorials start the week of January 9th, and run until the end of the semester. Attending and participating in tutorials is required to pass the course.

Week of	Topic
Jan 9	Organizational meeting.
Jan 16	Trade Deficits and Jobs (ch. 2).
Jan 23	Retrain v Redistribution (ch. 3).
Jan 30	Migration (ch. 4).
Feb 6	Trade and Climate Change (ch. 6).
Feb 13	No tutorials (Midterm week)
Feb 20	No tutorials (Midterm break)
Feb 27	MNCs & Race to Bottom (ch. 8).
Mar 5	What caused the financial crisis? (ch. 10)
Mar 12	Trade and growth (ch. 12).
Mar 19	Foreign Aid (ch. 13).
Mar 26	Microcredit (ch. 14).
Apr 2	Consequences of the crisis (ch. 16).

There is no class on Thursday, April 5. Groups responsible for presenting will email their TA a PowerPoint file no later than 8 am on April 5, and will be graded on its basis.