

# **Globalization, Trade and Development**

Spring, 2018

Professor Wook Chae

## **Contact Information**

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Class Hours: T Th 12:00-13:15

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## **Course Description**

This course is designed to provide students with the knowledge of globalization and its relations with international trade and economic development. Assuming that many students have not taken any rigorous economics courses, the first three weeks of this course will go over basic theories and concepts of international trade and development, and then we will move on to more practical trade issues, focusing on the WTO-centered multilateral trading system and proliferation of regional trade arrangements, both of which contribute to promotion of globalization. The course will also deal with issues of economic development in relation to trade which may be crucial to the economic growth of many developing countries. It is hoped that, after the course, the students can better understand the current status and progress of globalization and its relation to economic development through various international trade initiatives. More importantly, the students are expected to be able to create their own views on the economic issues regarding globalization, trade and development.

This is strictly a class of participation. Students will be asked to actively participate in class discussions in the course on topics under the subjects given in the syllabus.

### **Basic Reading Materials**

- Mankiw, N. G., *Principles of Economics*, Harcourt College Publishers(**GM**)
- Michael P. Todaro and Stephen C. Smith, *Economic Development* (**TS**)
- *The Future of the World Trading System: Asian Perspectives*, 2013, ADBI (**FW**)  
(<http://www.voxeu.org/content/future-world-trading-system-asian-perspectives>)
- *Aid for Trade at a Glance 2013: Connecting to Value Chains*, OECD/WTO (**AT**)  
([http://www.wto.org/english/res\\_e/booksp\\_e/aid4trade13\\_e.pdf](http://www.wto.org/english/res_e/booksp_e/aid4trade13_e.pdf))

\*Additional readings will be given in due course.

### **Course Evaluation**

- Grading for the course will be based on the following elements:

1) Attendance and participation in class discussion (30%)

Students are expected to attend all classes, do all required readings and as much of the recommended readings as possible in advance, and participate actively in class discussion and make valuable contribution.

Active participation in discussions by all the students will be strongly encouraged throughout the course and will be highly reflected in the final grade.

2) Mid-term Exam (30%), Final Exam (40%)

## **Class Schedule:**

### **Weeks 1-3: Basic Economic Concepts**

#### Topics

- Market forces of Demand and Supply
- International Trade; Gains from Trade
- Production and Growth
- National Income Accounts

#### Readings

- Chapter 9 of GM (Chapters 4, 6, 7 of GM)
- Chapters 25, 26 of GM( Chapter 23 of GM)

### **Week 4-5: Multilateral Trade System**

#### Topics

- Legal Structures and Principles
- Prospects for the WTO

#### Readings

- Understanding the WTO  
([https://www.wto.org/english/thewto\\_e/whatis\\_e/tif\\_e/understanding\\_e.pdf](https://www.wto.org/english/thewto_e/whatis_e/tif_e/understanding_e.pdf))
- WTO websites: The Doha Round  
([https://www.wto.org/english/tratop\\_e/dda\\_e/dda\\_e.htm](https://www.wto.org/english/tratop_e/dda_e/dda_e.htm))

### **Week 6: Regional Trade Arrangements**

#### Topics

- Forms of Economic Integration
- Legal Basis for RTAs
- Motives and Economic Effects

#### Readings:

- Preferentialism in Trade Relations: Challenges for the World Trade Organization (ADBI Working Paper): Patrick Low

### **Week 7: Special Discussion**

#### Topics

- Relationship between Multilateralism and Regionalism
  - Impact on Globalization

## **Week 8: Mid-term Exam**

## **Weeks 9-10: Economic Development: Problems & Policies**

### Topics

- Definition and Characteristics of the Developing World
- Poverty, Inequality and Development
- Foreign Finance, Investment and Aid

### Readings

- Chapters 2, 5, 14 of TS

## **Weeks 11-12: Trade Policy and Economic Development**

### Topics

- Trade in Value-Added
- Supply-Chain Trade
- Industrial (Trade) Policy for Development
- Aid for Trade

### Readings

- Inomata, S., "Trade in value-added: An East Asian perspective," pp.29-37 of FW
- Baldwin, R., "WTO 2.0: Thinking ahead on global trade", pp.23-28 of FW
- Patrick Low and Julia Tijaja, "Increasing value from global value chain participation: What role for industrial policy?" pp.55-64 of FW
- Chapters 1, 2 of AT

## **Weeks 13: Globalization, Jobs and Wages**

### Topics

- Globalization
- Job Security
- Income Equality

### Readings

- OECD Policy Brief, Globalization, Jobs and Wages  
(<https://www.oecd.org/els/.../Globalisation-Jobs-and-Wages-2007.pdf>)

## **Week 14: Special Discussion**

### Topics

- Prospects for Globalization
- Impact of Reverse Globalization
  - Policy of "America First": Impact on the US economy and the Rest of the World
  - Brexit: Impact on the economies of UK, EU and the Rest of the World

## **Week 15: Final Exam**