

Perspectives on globalization

3 ECTS

TERM 3

ELECTIVE

Professor

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Overview and objectives

This course provides an in-depth analysis of some aspects of globalization. Topics vary year to year. This year the topics covered are: (i) global value chains; (ii) the rise of market power; (iii) globalization and inequality.

Course outline

Starred readings are mandatory. Non-starred readings are (highly!) recommended.

1. Global value chains

What are global value chains? How do we measure their importance? What is the empirical evidence on global value chains? What determines their shape and their welfare effects? What is the role of ownership and control?

*Antràs, P., "Conceptual Aspects of Global Value Chains," *The World Bank Economic Review*, 2020.

*Johnson, R., "Measuring Global Value Chains," *Annual Review of Economics*, 2018.

*Antràs, P., *Global Production. Firms, Contracts and Trade Structure*. Princeton University Press, 2016.

The World Bank, *World Development Report: Trading for Development in the Age of Global Value Chains*, World Bank Publications, 2020.

2. The rise of market power

What is market power? How do we measure it? What is the empirical evidence on market power? How does market power affect welfare? How do trade and financial integration affect market power?

*De Loecker, J., J. Eeckhout and G. Unger, “The Rise of Market Power and the Macroeconomic Implications,” *Quarterly Journal of Economics*, 2020.

*Rossi-Hansberg, E., P. Sarte, and N. Trachter, “Diverging Trends in National and Local Concentration,” *NBER Macroeconomics Annual*, 2021. (Read also the comment by Jan Eeckhout on this paper)

*De Loecker, J., and J. Eeckhout, “Global Market Power,” working paper, 2021.

Arkolakis, C., A. Costinot, D. Donaldson and A. Rodríguez-Clare, “The Elusive Pro-Competitive Effects of Trade,” *Review of Economic Studies*, 2019.

*Lecture notes on globalization and market power.

Philippon, T., *The Great Reversal. How America Gave Up On Free Markets*. The Belknap Press of Harvard University Press, 2019.

Eeckhout, J., *The Profit Paradox. How Thriving Firms Threaten the Future of Work*. Princeton University Press, 2021.

3. Globalization and inequality

How do we measure inequality? What is the historical evolution of inequality between and within countries? How does globalization affect inequality? What is the role of sorting and matching of heterogeneous workers? What is the role of search frictions in the labor market?

*Ravallion, M., “Inequality and Globalization: A Review Essay,” *Journal of Economic Literature*, 2018.

Bourguignon, F., *The Globalization of Inequality*. Princeton University Press, 2015.

Milanovic, B., *Global Inequality. A New Approach for the Age of Globalization*. The Belknap Press of Harvard University Press, 2016.

*Helpman, E., *Globalization and Inequality*. Harvard University Press, 2019.

*Lecture notes on globalization and inequality.

*Grossman, G., and E. Rossi-Hansberg, “Trading Tasks: A Simple Theory of Offshoring,” *American Economic Review*, 2008.

*Grossman, G., E. Helpman and P. Kircher, “Matching, Sorting and the Distributional Effects of International Trade,” *Journal of Political Economy*, 2016.

Burstein, A., E. Morales and J. Vogel, “Changes in Between-Group Inequality: Computers, Occupations and International Trade,” *American Economic Journal: Macroeconomics*, 2019.

*Helpman, E., O. Itzhoki and S. Redding, “Inequality and Unemployment in a Global Economy,” *Econometrica*, 2010.

Helpman, E., O. Itzhoki, M. Muendler and S. Redding, “Trade and Inequality: From Theory to Estimation,” *Review of Economic Studies*, 2017.

Required activities

Students are required to attend 10 lectures and 5 TA sessions. They are also required to solve three problem sets and one take-home exam. Students are encouraged to work in teams to solve the problem sets, but they must hand in individual answers. Students must solve the take-home exam individually.

Evaluation

One third of the course grade is based on the problem sets, and the other two thirds are based on the take-home exam.