Economics of Globalization

Course webpage: https://sebastien-laffitte.eu/teaching_globalization.html

1. Description

The goal of this course is to provide an introduction to the economics of globalization. The notion of globalization is voluntary broad and includes several topics that will be covered along the course. This course is designed to provide both theoretical and empirical knowledge about globalization.

We will discuss the historical origins of globalization and reflect upon the state of the current globalization. We will then discuss the theories of trade and protectionism and interpret recent developments (e.g. trade policy in the 21st century, trade wars, tax avoidance by multinational firms) in light of these theories. We will also discuss recent key issues such as the links between globalization, taxation and inequalities, the role of foreign investment and multinational firms in today's globalization and the tight links between globalization and the environment, from the coordination problems to the impact of trade and multinational firms on global warming. Some topics of international macroeconomy will be also treated.

It is necessary to have followed a course of economics (supply and demand curves, utility functions, market failures) to participate to this course.

2. Learning Outcomes

At the end of the course, the students must be able to understand some important challenges of the current globalization. They should be able to mobilize the knowledge to discuss these challenges and the questions at the center of the policy debate. They should have a good empirical knowledge of the current globalization.

3. Schedule (indicative)

The course is composed of 10 sessions of 2 hours. The following program might be subject to modifications.

Session 1: Introduction of the course: what is globalization?
Session 2: Globalization: Past, Present, and Future
Session 3: The gains from trade: insights from trade theory (Ricardo)
Session 4: The gains from trade: insights from trade theory (HOS)
Session 5: Trade Policy: Trade Agreements, Protectionism, Tariff wars.
Session 6: Globalization and the environment
Session 7: Multinational Firms
Session 8: International Taxation
Session 9: Geoeconomics
Session 10: Exam

4. Readings

There is one mandatory reading. It should be one of the two following books:

- Orain, A, Le Monde Confisqué, Flammarion, 2025
- Rodrik, D., Straight Talks on Trade, Princeton University Press, 2017

I propose here additional reading suggestions. These readings are not mandatory for the course.

- **Textbooks**
  - CORE Chapter 18
  - International Economics: Theory and Policy, Krugman, Obstfeld and Melitz, 11^{th} edition
- **Books**
  - Roberts, A., Lamp, N., Six faces of globalization. Who Wins, Who Loses, and Why It Matters, Harvard University Press, 2021
  - Goldberg P., The Unequal Effects of Globalization, MIT Press, 2023 (free e-book)
  - The Deaton Review, Trade and Globalization, 4 articles: https://ifs.org.uk/inequality/themes/trade-and-globalisation/

- **Websites (policy notes)**
  - Cepii
    - Carnets Graphiques (in French), http://www.cepii.fr/PDF_PUB/autres/40ans_carnetsGraphiques/40ans_carnetsGraphiques.pdf
  - Bruegel Institute
  - Peterson Institute for International Economics

- **Newspaper websites:**
  - The Economist
  - The Financial Times

- **Trade Data Visualisation**
  - Observatory of Economic Complexity: https://oec.world/en

- **Podcasts**
  - https://tradetalkspodcast.com/

5. Assessment

The grading will be based on an in-class presentation (1/3) and a final exam (2/3). Bonus points will be awarded based on participation.