

ECON 485: Globalization and Inequality

Spring 2024

Class Schedule

Tuesday, Thursday 12:30-1:50

Chancellors Hall 121

Contact Information

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Office: Chancellors 243

Office Hours: Monday 10:00-12:00, Thursday 2:00 – 3:00, 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 trade and inequality are related. In addition to learning about previous work done on this topic, the course will give you the opportunity to conduct your own research as well.

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-based, 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) is a prerequisite for the course. Some familiarity with a statistical software package such as Stata will also be extremely useful. Please contact me sooner rather than later if you have any concerns about any of these requirements.

Assignments

- Assignments, including the final paper, are due through Blackboard by 5:00pm Eastern on the dates listed below. Assignments turned in at 5:01 or later will be accepted for 24 hours with a penalty of 20 percentage points. Assignments turned in more than 24 hours late will not be accepted.
- There will be one data assignment building on an existing empirical paper. This is designed to help you get comfortable manipulating data and prepare you for your own research project. You are welcome to work together, but must turn in your own code.
- There will be two in-class reading quizzes. These are intended to test your knowledge of the papers we discuss in class. You will need to be familiar with the papers to do well on the quizzes, but they are not as in-depth as an exam.
- There are four writing assignments:
 - A two-page non-technical article intended for a broad audience without an economics background. This article will summarize a paper related to trade and inequality – I will assign the paper several weeks before the deadline. The point of this assignment is to practice explaining technical concepts to a general audience. You will emphasize why the topic is important, how the researchers have approached a questions, and what the researchers learned. For an example, see <https://www.businessinsider.com/trade-may-explain-why-trump-got-elected-2016-11>
 - A two-page research proposal. This will motivate an original research idea – what is the question and why does it matter? – and outline the steps needed to complete the project successfully, including potential data sources.
 - A one-page description of the data you plan to use. What are the specific sources, what variables do you intend to use? Are there obvious shortcomings or difficulties? As part of this submission, you must provide the mean, standard deviation, and interquartile range your primary outcome *or* explanatory variable.
 - A final paper on your research question. This cannot be simply a summary of existing work, it must involve original economic content.

- You will make two presentations in class
 - In the first presentation you will motivate and present a published paper
 - 20 minutes
 - In the second presentation you will present your own research as a work in progress
 - 20-25 minutes, with questions throughout

- Class participation consists of the following components
 - Showing up to class, engaging with discussion, providing constructive feedback to your classmates (5%)
 - Meeting with me to discuss your paper (5%)

Key Dates

February 2: Add/Drop Deadline

March 25: Withdrawal Deadline

March 12, March 14: Spring Break (No Class)

February 13: Data Exercise Due

February 20: Paper Proposal Due

February 27: First Reading Quiz

March 7: Data Source Outline Due

March 28: Non-technical Article Due

March 19-April 9: Published Paper Discussions (2-3 Per Class)

April 4: Deadline for Meeting with Me

April 11: Second Reading Quiz

April 16 –May 2: Student Working Paper Presentations

May 12: Final Paper Due

Grading

- Class Participation: 10%
- Data Exercise: 15%
- Non-technical article: 10%
- Paper Proposal: 5%
- Data Proposal: 5%
- Reading Quizzes: 10%
- Published Paper Discussion: 10%
- Final paper Presentation: 15%
- Final Paper: 20%

Advice

A major goal of this class is to introduce you to economic research. Economic research, especially when you are relatively new to it, takes time, and progress is very non-linear. This means, first, that you should not wait until the week before your presentation to start thinking about your project. It also means that the research process can be frustrating at times – stick with it! Come talk to me if you're stuck. I can provide suggestions or at least commiserate regarding research-related frustration.

Additional Notes

William & Mary recognizes that students juggle different responsibilities and can face challenges that make learning difficult. There are many resources available at W&M to help students navigate emotional/psychological, physical/medical, material/accessibility concerns, including:

- The W&M Counseling Center at (757) 221-3620. Services are free and confidential.
- The W&M Health Center at (757) 221-4386.
- For additional support or resources & questions, Contact the Dean of Students at 757-221-2510.
- For other [resources](https://tinyurl.com/wmmentalhealth) available to students, see <https://tinyurl.com/wmmentalhealth>

Additionally, please reach out to me if you are facing challenges inside or outside the classroom; I will be happy to guide you to the appropriate resources on campus.

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 to determine if accommodations are warranted and to obtain an official letter of accommodation. For more information, please see 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) 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. 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 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?

3. 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?

4. 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?

5. 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?

6. 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? What can be done to reduce these frictions?

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. 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?