

## Globalization and Labor Markets (03.184.4175/4176)

TUE 2:15 - 3:45 pm, MS Teams (VO)

TUE 4:15 - 5:45 pm, MS Teams (TU)

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### **Instructor:**

Prof. Dr. Andrea Lassmann

Chair of International Economic Policy

JGU, Jakob-Welder-Weg 4, 02-166

Phone: 06131-39-28547

Email: LSLassmann(at)uni-mainz.de

**Office Hours:** by appointment.

**Prerequisites:** Students should be familiar with basic micro- and macroeconomics and basic international trade theory. You are strongly advised to attend the first lecture, which provides an overview on the goal of this course.

**Course Objectives:** Theoretical and empirical research has shown that international integration induces moderate to sizeable aggregate welfare gains in countries. At the same time, there are widespread perceptions that globalization has strong distributional effects, aggravates economic inequality and disrupts local labor markets. In this course we want to understand the consequences of increased integration for labor markets, and to identify winners and losers from globalization. We review standard trade theory with a focus on labor market effects of trade. We also put empirical literature on this topic into context, for example regarding the labor market effects of rapid economic integration and trade liberalization periods. We shed light on distributional effects of outsourcing and offshoring. Finally, we discuss policies that can support losers from globalization. Specifically, we shed light on international agreements relevant for labor, and on economic and social instruments, which potentially absorb losses from trade.

**Grading:** Take-home exam on the basis of the aim of this course (see course objectives). Successful students will receive 6 ECTS. I will provide an application of each lecture topic during the lecture or prepare problem sets for the tutorial: you can solve them on your own or in groups.

**Academic Honesty:** As a JGU student, I expect you to abide by the University's Examination Code and a culture of honesty. Lack of knowledge thereof is not a reasonable explanation for violation. Questions related to course exams and the Disciplinary Code should be directed to the *Studienbüro*. For information see [https://studienbuero.rewi.uni-mainz.de/downloads/?folder=WiWi/WiWi\\_Bachelor/Studiengang/Pr%C3%BCfungsordnungen](https://studienbuero.rewi.uni-mainz.de/downloads/?folder=WiWi/WiWi_Bachelor/Studiengang/Pr%C3%BCfungsordnungen).

## Course Outline:

13.04.2021	.....	Introductory lecture	/ LE
13.04.2021	.....	Recap of Ricardo	/ TU
20.04.2021	.....	Labor in the specific factors model I	/ LE
20.04.2021	.....	Labor in the specific factors model I	/ TU
27.04.2021	.....	Labor in the specific factors model II	/ LE
27.04.2021	.....	Cancelled	/ TU
04.05.2021	.....	The Heckscher-Ohlin model	/ LE
04.05.2021	.....	The Heckscher-Ohlin model	/ TU
11.05.2021	.....	The Stolper-Samuelson theorem	/ LE
11.05.2021	.....	The Stolper-Samuelson theorem	/ TU
18.05.2021	.....	Developing countries	/ LE
18.05.2021	.....	Developing countries	/ TU
25.05.2021	.....	Movement of labor between countries I	/ LE
25.05.2021	.....	Cancelled	/ TU
01.06.2021	.....	Movement of labor between countries II	/ LE
01.06.2021	.....	Movement of labor between countries II	/ TU
08.06.2021	.....	Labor and outsourcing/offshoring I	/ LE
08.06.2021	.....	Labor and outsourcing/offshoring I	/ TU
15.06.2021	.....	Labor and outsourcing/offshoring II	/ LE
15.06.2021	.....	Cancelled	/ TU
22.06.2021	.....	Absorbing disruptions from globalization?	/ LE
22.06.2021	.....	Labor and outsourcing/offshoring II	/ TU
29.06.2021	.....	Labor in international trade agreements	/ LE
29.06.2021	.....	Labor in international trade agreements	/ TU
06.07.2021	.....	International agreements on labor issues	/ LE
06.07.2021	.....	International agreements on labor issues	/ TU
13.07.2021	.....	Summary and outlook	/ LE
13.07.2021	.....	Q&A	/ TU
TBA	.....	Exam	

## Textbooks used in this course:

*International economics*, by Paul R. Krugman, M. Obstfeld and Marc J. Melitz

*Advanced international trade*, by Robert C. Feenstra: relevant chapter here: [https://cid.econ.ucdavis.edu/Papers/pdf/Feenstra\\_Ohlin\\_Lecture\\_2008.pdf](https://cid.econ.ucdavis.edu/Papers/pdf/Feenstra_Ohlin_Lecture_2008.pdf)

*These books are optional. Depending on your precursory level, the second book can be difficult for Bachelor students.*

## Supplementary (optional) reading:

*Distributional Effects of Globalization in Developing Countries* (2007), by P. K. Goldberg and N. Pavcnik, *Journal of Economic Literature* 45(1), pp. 39–82.

*Labor Supply Shocks, Native Wages, and the Adjustment of Local Employment* (2016), by C. Dustmann, U. Schönberg and J. Stuhler, *Quarterly Journal of Economics* 132(1), pp. 435-483.

*The Abolition of Immigration Restrictions and the Performance of Firms and Workers: Evidence from Switzerland* (2020), by A. Beerli, J. Ruffner, M. Siegenthaler, and G. Peri, *American Economic Review* 111(3), pp. 976-1012.

*The Impact of International Trade on Wages* (2000), ed. by Robert C. Feenstra, National Bureau of Economic Research Books, University of Chicago Press, number 9780226239637.

*If you cannot get access to these reading materials, you can normally find unpublished online versions covering the same content, or ask my assistant.*

**Further material:**

<https://www.youtube.com/watch?v=qHBoxRdd08o&feature=youtu.be>

*Trade in the balance*, *The Economist*, February 6, 2016, <https://www.economist.com/finance-and-economics/2016/02/06/trade-in-the-balance>.

*Protektionismus ist keine Lösung*, 2016

<https://www.fuw.ch/article/protektionismus-ist-keine-loesung/>

*WTO Trade Dialogues* (see Video links to labor-related topics),

[https://www.wto.org/english/res\\_e/reser\\_e/tradedialogueslseries\\_e.htm](https://www.wto.org/english/res_e/reser_e/tradedialogueslseries_e.htm)

**Extra Help:** Slides and materials will be made available via Moodle. Do not hesitate to write me an email or fix an office hour appointment to discuss your questions concerning the course.