

**Globalization and Labor Markets (03.184.4175/4176)**

**TUE 10:15 - 11:45 am, 00 211 HS I (VO)**

**FRI 4:15 - 5:45 pm, 00 251 HS V (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

**Tutor:** Shiyun Hu

**Office Hours:** by appointment.

**Prerequisites:** Students should be familiar with basic micro- and macroeconomics. 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 groups harmed by globalization. Specifically, we shed light on international agreements relevant for labor, and on economic and social instruments, which potentially absorb losses from trade. The course mostly discusses distributional effects of globalization. We do not cover general macro-related aspects related to globalization and labor markets (e.g., trade imbalances, aggregate unemployment, labor market frictions).

**Grading:** E-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:

|            |       |  |      |
|------------|-------|--|------|
| 19.04.2022 | ..... | Introductory lecture                                     | / LE |
| 26.04.2022 | ..... | Labor in the specific factors model I                    | / LE |
| 29.04.2022 | ..... | Ricardo & labor in the specific factors model I          | / TU |
| 03.05.2022 | ..... | Labor in the specific factors model II                   | / LE |
| 10.05.2022 | ..... | The Heckscher-Ohlin model                                | / LE |
| 13.05.2022 | ..... | Labor in the specific factors model II & the H-O model   | / TU |
| 17.05.2022 | ..... | H-O model: theorems and trade                            | / LE |
| 24.05.2022 | ..... | H-O model: discussion                                    | / LE |
| 27.05.2022 | ..... | H-O model: theorems, trade and discussion                | / TU |
| 31.05.2022 | ..... | Labor-market effects of trade: empirical evidence        | / LE |
| 07.06.2022 | ..... | Labor and outsourcing/offshoring I                       | / LE |
| 10.06.2022 | ..... | Labor-market effects of trade & offshoring I             | / TU |
| 14.06.2022 | ..... | Labor and outsourcing/offshoring II                      | / LE |
| 21.06.2022 | ..... | Labor and outsourcing/offshoring III                     | / LE |
| 24.06.2022 | ..... | Labor and outsourcing/offshoring II & III                | / TU |
| 28.06.2022 | ..... | Movement of labor between countries I                    | / LE |
| 05.07.2022 | ..... | Movement of labor between countries II                   | / LE |
| 08.07.2022 | ..... | Movement of labor between countries                      | / TU |
| 12.07.2022 | ..... | Labor in international trade agreements/labor agreements | / LE |
| 19.07.2022 | ..... | Summary and outlook                                      | / LE |
| 22.07.2022 | ..... | Labor in international trade agreements & 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.

*Margins of Labor Market Adjustment to Trade* (2019), by R. Dix-Carneiro and B. Kovak, *Journal of International Economics* 117, pp. 125–142.

*Migration and Labor Market Integration in Europe* (2021), by D. Dorn and J. Zweimüller, *Journal of Economic Perspectives* 35(2), pp. 49–76.

*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 China Syndrome: Local Labor Market Effects of Import Competition in the United States* (2013), by D.H. Autor, D. Dorn and G.H. Hanson, *American Economic Review* 103(6), pp. 2121–68.

*The Impact of Trade on Inequality in Developing Countries* (2017), by N. Pavcnik, NBER Working Paper 23878, National Bureau of Economic Research.

*Trade Adjustment: Worker Level Evidence* (2014), by D.H. Autor, D. Dorn, G.H. Hanson J. Song, *The Quarterly Journal of Economics* 129(4), pp. 1799–1860.

*Trade Liberalization and Regional Dynamics* (2017), by R. Dix-Carneiro and B. Kovak, *American Economic Review* 107(10), pp. 2908–2946.

*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>

*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 LMS Moodle. Do not hesitate to write us an email or obtain an office hour appointment to discuss your questions concerning the course.

**General Support:** Students with disabilities - <https://www.barrierefrei.uni-mainz.de/>; Students in need of psychological support - <https://www.pbs.uni-mainz.de/beratung/>; general health - <https://www.studium.uni-mainz.de/gesund-studieren-in-mainz/>.