

Globalization: Syllabus

Economics 102 — Spring 2022

March 28, 2022

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Office hours: Wed 5:30p-6:15p Mon 9:00a-9:45a Mon 1:30p-1:55p Fri 9:30a-9:45a
Offices: locations, Zoom IDs on [Canvas](#)

Class Time A: TueThu 8:00a-9:20a
Class Time B: TueThu 9:30a-10:50a
Classroom: Solis 104
Course Web Page: econ.ucsd.edu/muendler/teach/22s/102

Section Times A1, A2 (079865, 079866): Wed 11:00a-11:50a Wed 12:00p-12:50p
Section Times B1, B2 (079867, 079868): Wed 1:00p-1:50p Wed 2:00p-2:50p
Section Rooms: CSB 005 CSB 005
Midterm 1 exam review: April 15, 5-6:50p: Zoom ID to be announced on [Canvas](#)
Midterm 2 exam review: May 6, 5-6:50p: Zoom ID to be announced on [Canvas](#)
Final exam review: June 3, 5-6:50p: Zoom ID to be announced on [Canvas](#)

1 Description and Objectives

This course covers the economics of globalization and presents a unifying framework of global economic integration, grounded in the principle of comparative advantage. Lectures investigate patterns of trade when trade is balanced and investigate capital flows when trade is not balanced. Using the unifying framework, the course studies international trade in goods and services including the formation of global value chains, and it studies international capital markets with sovereign debt as a benchmark global asset. The course assesses the consequences of economic globalization and evaluates economic policies for industry location, real incomes, and economic growth.

The course material is guided by three main questions. *Why do countries globalize?* The theoretical answers point to the fundamental forces of the global division of labor. *How do countries globalize?* There are many modes of the division of labor and global integration of goods, services, and capital markets. *Should countries globalize?* There are gains from the division of labor, but their distribution between and within countries in practice creates beneficial and adverse effects, as does any economic change.

The course is designed as an early upper-division class that presents foundations for *International Trade* (Economics 101) and *International Monetary Relations* (Economics 103) and other related courses. The first half of the course shares topics with Econ 101, emphasizing the essentials of comparative advantage for global specialization and the trade in goods or services. The second half lays real-side foundations for Econ 103,

emphasizing the idea of comparative advantage over time for lending and borrowing in international capital markets.

2 Prerequisites

Econ 1 or 100B and 2 or 3 or Math 20C.

(Students who are academically prepared to take Econ 100B, or have taken Econ 100B, are also academically prepared to take Econ 102.)

3 Format

The course will be **taught** in a **hybrid** format, but all **exams** will be **in-person** by default.

You can follow the course material in three ways:

- **In-person:** Be physically present in the classroom so you can actively participate during lecture in the classroom, answer Canvas surveys live (using your own electronic device), ask questions, and talk to the instructor in person before or after lecture.
- **Synchronous-remote:** Follow a live stream of the lecture, answer Canvas surveys live, and ask live questions using the Zoom chat (moderated by a Teaching Assistant).
- **Asynchronous-remote:** Follow a Podcast/Zoom recording of lecture, answer Canvas surveys within 36 hours of the lecture for a full attendance score, but forego the opportunity to ask live questions.

You can always opt to follow any particular lecture synchronous-remotely or asynchronous-remotely, while attending in-person in general. If you take the Canvas survey asynchronous-remotely within 36 hours of a lecture, your attendance will be recorded.

You must follow campus safety requirements and, if policy requires it, wear a mask in the lecture hall at all times. The instructor and teaching assistants will wear a mask before and after lecture or section, and when necessary during lecture or section, and maintain proper physical distancing at all times. For the current UC San Diego campus safety policy, please see returntolearn.ucsd.edu.

The format of the sections remains to be determined, but the default is in-person.

There are two midterm exams and one final exam, and they will be administered in-person. If you cannot attend a midterm exam for a reason beyond your control, you will be excused from the midterm and the scores on the remaining exams will be scaled by a factor that proportionally compensates you for the foregone points. If you cannot attend the final exam for a reason beyond your control, the default is to leave the course with an incomplete grade and that you sit for a make-up final exam in fall quarter. However, there may be a remote option for the final exam if justified in individual cases to prevent hardship. If any, remote final exams will be administered following the economics department's strict *Econ 1 Fall 2021 Exam Proctoring Protocol*. For additional detail on exams, see section 8 below.

4 Readings and Podcasts

Electronic lecture slides become available online on the [course web page](#) and on [Canvas](#) before each class. An effective way to follow the course material can be to use the posted lecture slides for note taking. Key graphs are left empty for you to complete during lecture or asynchronously using the Podcast/Zoom recording. On April 14 (Thu), complete lecture notes (with overlay graphs) will become available for lectures 1 through 6, on May 5 (Thu) for lectures 7 through 11, and on June 2 (Thu) for lectures 12 through 18.

Textbook draft: Marc-Andreas Muendler (2020)/ch. 1-4, 6 and 14

Chapters of the textbook draft Muendler (2020)/ch. 1-4, 6 and 14 are available for download from the [course web page](#) and on [Canvas](#). The chapters are zipped and password protected. The password is given out on the first day during class.

The lectures will become available, as held, in the form of Podcasts and as Zoom recordings.

To help you review material and assess your own understanding, for most lectures a Question of the Day will be posted online ([course web page](#) and [Canvas](#)) alongside the lecture slides. The questions of the day are not graded. It is recommended that you work in groups and come to see the instructor or the teaching assistants during office hours to review your answers.

5 Problem Sets

There will be three problem sets, due on scheduled dates prior to the three exams. You are encouraged to work on the problems with your classmates. The teaching assistants will hold sections over the course of the quarter (see schedule below) to help you solve the problems, and you can receive assistance during any of the scheduled office hours. The problem set questions are written in the style of review questions that span material *across* individual lectures.

Your answers to the problem sets will be checked by question (check/no check) for effort, not content, and your performance on them will be a part of the final grade. Valid answers (effort not content) count five (5) points per question, and incorrect answers zero.

Problem sets have to be uploaded to [Canvas](#) in electronic format (image scans of written answers or document files, permitted formats are png, jpg, pdf and doc/docx). The uploads must be complete by the due dates (Friday April 15, Friday May 6, and Friday June 3 at 4:50p). No problem set will be accepted after the respective due time for upload (at 5:00p after a ten-minute grace period).

6 Canvas Surveys

During class (or within 36 hours of class if you follow asynchronously), you will be asked to answer policy-relevant questions on the economics of globalization using [Canvas](#) (graded surveys). Please bring your own hand-held device or computer with Canvas access to lecture. Your answers to survey questions will not be scored for correct or incorrect. Typically, the same survey question will be asked twice: once in the beginning of a class, prior to the presentation of the lecture's main material, and once after the main material has been presented and discussed.

If, at the end of the quarter, your Canvas records show participation in twelve (12) out of the seventeen lecture days with Canvas surveys, then you receive a score of 20 additional points. However, if you do not want to use the Canvas surveys or if your records do not show full participation in at least twelve lectures, your scores on all other assignments (problem sets and exams) will be scaled by a factor that proportionally compensates you for the foregone 20 points. Canvas-survey participation in at least twelve lectures therefore guarantees you a full additional score of 20 points but, in case your Canvas-survey participation falls short, you can make up the foregone score in proportion to your performance on the other assignments.

There will be at least one occasional Canvas discussion (April 8) to ask you for feedback on the course progression. You will receive up to two points on each Canvas discussion that will add to your participation score unless it is at the maximum 20 points.

7 Software

Please consider installing the Canvas app on a portable device and have the device next to you for both in-person and remote participation. The Canvas app can be a convenient and easy tool to take the live Canvas surveys in lecture (with a permitted 36 hours delay for asynchronous students) while following in-person or by Zoom.

8 Assessment

There will be two midterm exams and a final exam. The midterm exams will take 50 minutes each and the final exam will take 100 minutes (no extra time). All exams are cumulative. Each midterm exam contains five 10-minute questions, the final exam contains ten 10-minute questions.

For problem sets to be considered, they have to be uploaded to [Canvas](#) by the due time (4:50p on the respective due day plus a ten-minute grace period).

All **exams are in-person** by default. Participation in exams is mandatory and excused only under the conditions that also permit an incomplete grade: course work must be of non-failing quality and absence must be for a cause beyond the student's control. In particular, the incidence of other exams on the same day is no reason for an excuse from the exam. Reasonable precautions under the Covid pandemic may require absence from an exam, and illness is a cause beyond the student's control in general. To be excused from an exam because of reasonable Covid precautions or because of illness, the student must inform the instructor *before* the exam.

As mentioned above (section 3), if you are excused from a midterm, then the scores on the remaining exams will be scaled by a factor that proportionally compensates for the foregone points. If you are excused from the final exam, the default is to leave the course with an incomplete grade and that you sit for a make-up final exam in fall quarter. However, there may be a remote option for the final exam if justified in individual cases to prevent hardship. If any, remote final exams will be administered following the economics department's strict *Econ 1 Fall 2021 Exam Proctoring Protocol* (including self recording via Zoom, presenting the student ID on camera, taking a screen shot of the monitor in Zoom, sharing the screen in Zoom at all times, showing the desk throughout the exam and upon request, and taking an oral follow-up exam in addition to the final exam immediately after completion of the written exam).

Your final raw score will be your total points from the three exams, the three problem sets and, optionally, your Canvas-survey participation:

Problem sets:	70 points (15+25+30 points)	April 15, May 6, June 3
Midterm 1 (50 minutes):	50 points	April 19
Midterm 2 (50 minutes):	50 points	May 10
Final (100 minutes):	100 points	Finals week
Canvas surveys (12+ lectures):	20 points*	March 30 through June 2
<i>Total:</i>	290 points	*otherwise score scaled by 290/270 (and 2 points from Canvas discussion if applicable)

If your Canvas-survey records fall short of full participation in 12 out of the 17 lectures with Canvas-survey use, or if you do not want to use Canvas-survey, then your scores on all other assignments (which count for up to 270 points) will be scaled by a factor of 290/270 to compensate you for the foregone 20 points. You will receive up to two additional points for participation in occasional Canvas discussions, up to a maximum of 20 participation points after re-scaling.

Your final *letter grade* will be inferred from the typical grade distribution (curve) in *economics* classes at UC San Diego. You can find this grade distribution at the [course web page](#). The difficulty or simplicity of problem

sets and exams will therefore not matter, whereas your relative performance in comparison to your classmates *across all sections* will determine your final letter grade. Grades of *D* or *F* will not depend on the curve but on a minimal performance standard.

There are three review sections, one each prior to the two midterm exams and one prior to the final exam, to help you prepare for the exams.

During exams, only a pen, a pencil, a ruler and an eraser are permitted for use. No other material is allowed, and all other objects must be outside your immediate reach at all times during the exam. **The exams are closed book and closed class materials. You must not use any written resources, especially no online material, and you must not communicate with anyone by any means during the exam.**

Principles of academic honesty are strictly applied. Regardless of any potential additional sanction from the academic integrity office, or the absence of an additional sanction, the exam score will be zero if there is an exam rule violation. The complete UC San Diego Policy on Integrity of Scholarship can be viewed at the [Senate web page](#). On each exam, you are required to sign a personal pledge of academic integrity.

Appeals of scores on exams must be submitted in writing. Following the appeal, all questions on all exams and problem sets on record will be reconsidered. An appeal may be denied if the exam was written with a pencil and not scanned.

9 Academic Integrity

Students are expected to honor the highest standards of academic integrity, and principles of academic honesty are strictly enforced. Failure to honor that code will be reported to the office of academic integrity. To review the campus policy, please visit: students.ucsd.edu/academics/academic-integrity.

10 Academic Accommodations

Any student with documented disability in accordance with UC San Diego policy has the right to a special accommodation. Please present the formal request within the first two weeks of class so that the necessary arrangements can be made. Please contact the Economics Undergraduate Advisors with any questions about documentation.

11 Non-discrimination and No Harassment

UC San Diego and the Economics Department are committed to creating an environment free from all forms of discrimination and harassment, in which all students are able to learn and openly express themselves.

12 Course Schedule

1. **Tue, March 29:** Globalization and the Principle of Comparative Advantage
([Marc-Andreas Muendler 2020](#)/ch. 1 and 2, *no Canvas-survey records*)

Wed, March 30, week 1 sections: Linear Production Possibility Frontier

I. International Trade

2. **Thu, March 31:** Comparative Advantage, Trade, and Country-wide Gains
([Marc-Andreas Muendler 2020](#)/ch. 2)
PROBLEM SET 1 OUT

3. **Tue, April 5:** The Terms of Trade and the Between-country Distribution of Gains
([Marc-Andreas Muendler 2020](#)/ch. 3, sections 3.1 and 3.2)

Wed, April 6, week 2 sections: Standard Production Possibility Frontier

4. **Thu, April 7:** Trade and the Within-country Distribution of Gains
([Marc-Andreas Muendler 2020](#)/ch. 4)
Canvas discussion, due Fri, April 8

Fri, April 8, 4:50p: *Canvas Discussion:* Your Thoughts on Weeks 1 through 2

5. **Tue, April 12:** Offshoring and the Within-country Distribution of Gains
([Marc-Andreas Muendler 2020](#)/ch. 6, sections 6.1 and 6.2)

Wed, April 13, week 3 sections: Problem set 1, questions 1-3

6. **Thu, April 14:** Primary Products and the Distribution of Gains
([Marc-Andreas Muendler 2020](#)/ch. 6, sections 6.1, 6.2 and 6.4)
Complete lecture notes (with overlay) available for lectures 1 through 6

Fri, April 15: PROBLEM SET 1 DUE AT 4:50P (Canvas upload)

Fri, April 15, 7:00p-8:20p: *Midterm 1 exam review* (Zoom)

Tue, April 19: MIDTERM 1 (50 minutes)
covering lectures 1 through 6 (*no Canvas-survey records*)
PROBLEM SET 2 OUT

I. International Trade Policy

Wed, April 20, week 4 sections: Problem set 2, question 1

7. **Thu, April 21:** Instruments of Trade Policy
([Paul R. Krugman, Maurice Obstfeld and Marc J. Melitz 2011](#)/ch. 9)

8. **Tue, April 26:** Costs and Benefits of Trade Interventions

Wed, April 27, week 5 sections: Problem set 2, questions 2-3

9. **Thu, April 28:** The Economic Rationale for Trade Interventions

10. **Tue, May 3:** Technological Change, Comparative Advantage, and Growth
([Marc-Andreas Muendler 2020](#)/ch. 3, sections 3.3, three-industry model only) (

Wed, May 4, week 6 sections: Problem set 2, questions 4-5

11. **Thu, May 5:** The Political Economy of Trade Interventions and Agreements
Complete lecture notes (with overlay) available for lectures 7 through 11

Fri, May 6, 4:50p: PROBLEM SET 2 DUE AT 4:50P (Canvas upload)

Fri, May 6, 7:00p-8:20p: *Midterm 2 exam review* (Zoom)

Tue, May 10: MIDTERM 2 (50 minutes)
covering lectures 1 through 11 (*no Canvas-survey records*)

II. International Capital Markets

Wed, May 11, week 7 sections: Expected Values and Expected Returns

12. **Thu, May 12:** International Capital Markets in Theory and Practice
([Marc-Andreas Muendler 2020](#)/ch. 14)
PROBLEM SET 3 OUT

13. **Tue, May 17 (online):** The Principle of Comparative Advantage in Capital Markets
([Marc-Andreas Muendler 2020](#)/ch. 14)

Wed, May 18, week 8 sections: Intertemporal Production Possibility Frontier

14. **Thu, May 19 (online):** International Capital Flows and Growth

15. **Tue, May 24:** International Capital Flows and Sovereign Risk

Wed, May 25, week 9 sections: Problem set 3, questions 1-3

16. **Thu, May 26:** Debt Overhang, Debt Buybacks, and Debt Forgiveness

17. **Tue, May 31:** Debt Sustainability

Wed, June 1, week 10 sections: Problem set 3, questions 4-6

18. **Thu, June 2:** Perspectives on Globalization, Prosperity and Inequality
Complete lecture notes (with overlay) available for lectures 12 through 18

Fri, June 3, 4:50p: PROBLEM SET 3 DUE AT 4:50P (Canvas upload)

Fri, June 3, 7:00p-8:20p: *Final exam review* (Zoom)

Finals week day and time TBA: FINAL EXAMS (100 minutes only)
Rooms TBA, covering lectures 1 through 18

References

Krugman, Paul R., Maurice Obstfeld, and Marc J. Melitz. 2011. *International Economics: Theory & Policy*. Pearson Custom Business Resources, New York: Pearson Learning Solutions. special extract compiled for UC San Diego.

Muendler, Marc-Andreas. 2020. "The Economics of Globalization." University of California, San Diego, unpublished textbook manuscript.