

Week 1: Political Economy of Globalisation (4 ECTS)

7-11 August 2017

Course ID: 435600-HS2017-0-PhD

Current events suggest that the politics of globalisation have become an issue of first-rate importance. The goal of this course is to develop a robust set of theoretical and econometrics tools for analysing the political economy of globalisation. In particular, we develop an approach generally called *endogenous policy modelling* – an extension of general equilibrium theory to incorporate politics. As our leading example, we will focus on trade and migration policy, but the application of this approach is as broad as the application of general equilibrium theory to policy analysis in general. The course is intended to provide students with an overview of research in this area and to provide them with the tools to carry out research on the links between trade / migration, politics and policy-making.

Course Content

I. Introduction to Political Economic Analysis

II. Identifying Citizen Preferences

1. Background: Factor Market Effects of Trade
2. Deriving Policy Preferences
3. Survey Data: Trade
4. Survey Data: Migration

III. Referendum

1. The Basic Referendum Model: Trade
2. Public Politics, Direct & Indirect Referenda: Trade
3. Legislative Voting on Trade
4. The Basic Referendum Model: Migration
5. Public Politics, Direct & Indirect Referenda: Migration
6. Welfare States and Political Economy

IV. Lobbying

1. The Grossman-Helpman Model
2. Empirics of the Grossman-Helpman Model: Trade
3. Grossman-Helpman type Lobbying for Migration Policy
4. Political Economy of Trade vs. Immigration

V. Current topics in political economy

1. Firms in the political economy of trade
2. Adjusting to the “China Shock”
3. Conclusion: Rethinking the Political Economy of Globalisation

Readings

The syllabus that follows contains links that will allow you to easily access readings.

- In the syllabus, some reading are market with a “■”. These are essential readings.
- Others are marked with a “○”. These are important enough to be on the syllabus (and you should read them if you plan to make political economy an essential part of your future research), but not essential.

Grading

Class participation (10%); research paper (90%). Lecture hours: 25.

Everyone must prepare a piece of original research on the topic of the seminar. The paper need not focus on one of the lecture topics, but it must be related to the political economy of globalisation. To ensure that there is no confusion, I require a paper proposal submitted to me no later than the day of the last lecture. The papers are due six weeks after the completion of the lectures.

Lecturer



Prof. Douglas Nelson is professor of economics in the Murphy Institute and the department of economics at Tulane University. His current research interests are primarily focused on the political economy of trade policy, the empirical link between globalisation and national labour markets, and trade and trade policy under increasing returns to scale.

Email: dnelson@tulane.edu

Timetable and Registration

The course takes place from Monday to Friday from 9.30 to 12.00 and from 13.30 to 16.00.

Price for 1 week: 500 Swiss Francs.

Register for the **PhD Summer Programme** at:

<http://www.wti.org/education/doctoral-programme/>

This is an intensive course. Please try to complete some readings before the course begins.

Week 2: Quantitative Trade Policy Modelling (4 ECTS)

14-18 August 2017

Course ID: 435597-HS2017-0-PhD

The goal of the course is to gain a thorough understanding of quantitative trade modelling focusing on evaluating the welfare effects of trade policy experiments. The course provides a synthesis of the traditional literature employing computable general equilibrium (CGE) models and the more recent literature employing structural gravity (SG) models solving models using exact hat algebra (EHA). The course consists of four parts. First, the theoretical structure of models is mapped out, identical in the different approaches; second, it goes into micro-founded gravity estimation; third, it compares the different approaches in CGE-models and SG-models to run counterfactual experiments; and fourth, it discusses the impact of model scope. Students will also work themselves with the software used to estimate parameters and run counterfactual experiments, respectively STATA and GAMS or GEMPACK.

Course Content

I. Theoretical Trade Models

1. Comparative advantage: Eaton-Kortum
2. International trade and firm heterogeneity
3. Comparison of models: basics

II. Micro-founded Gravity Estimation

4. Gravity estimation: basics
5. Gravity estimation: application

III. Trade Policy Experiments

6. Applying exact hat algebra
7. Differences between solution methods and baseline calibration

IV. Impact of Model Structure

8. Impact of model structure in the literature
9. Impact of model structure in practice
10. Impact of model structure in practice

Grading

Class participation (10%); take-home exam (90%). Lecture hours: 25.

Timetable and Registration

The course takes place from Monday to Friday from 9.30 to 12.00 and from 13.30 to 16.00.

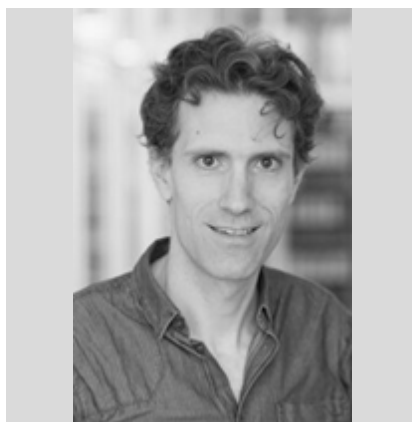
Price for 1 week: 500 Swiss Francs.

Register for the **PhD Summer Programme** at:

<http://www.wti.org/education/doctoral-programme/>

This is an intensive course. Please do (most of) the readings before the course week starts.

Lecturers



Dr Eddy Bekkers is a Postdoc at the WTI working on the EU-funded project PRONTO on non-tariff measures. He holds a PhD from Erasmus University Rotterdam and Masters in Economics and Econometrics from the University of Amsterdam.

Email: eddy.bekkers@wti.org.



Prof. Joseph Francois is Managing Director and professor of economics at the World Trade Institute. He also serves as Deputy Director of the NCCR Trade Regulation. Previously he was professor of economics (with a chair in economic theory) at the Johannes Kepler University in Linz. He is a fellow of the Centre for Economic Policy Research (London), director of the European Trade Study Group and the Institute for International Development Economics, senior research fellow with the Vienna Institute for International Economic Studies, and a board member of the Global Trade Analysis Project.

Email: joseph.francois@wti.org

Readings

The syllabus that follows contains a bibliography and some links that will allow you to easily access readings.