

### **Ten Ideas**

(These are things I considered interesting and important. Ideas reflect by much personal feelings, but also include future research ideas, as well as ideas for teaching my own classes).

1. The great moderation could be a result of globalization.  
(That's the research idea).
2. Growth can hurt in the presence of trade.  
(That's a surprise, both for growth and for trade)
3. Import barriers could be export-promoting.  
(That's why the US not only still produces food, but also exports this crap).
4. Better education leads to higher effort.  
(I thought it's the opposite: the more you study now, the less you have to work later ☺).
5. NAFTA is a choice for Mexico against China.  
(And by the way, Latin America is not Mexico).
6. Most trade models are not useful or misleading, they are just wrong.  
(One should think of economics as a science, not a set of stories.)
7. Trade policies benefit few at the expense of everybody else.  
(Behind each proposal there is a lobby, which pays the story-teller).
8. International inequality probably increased because of trade.  
(If you are able to grow, you grow even faster with trade).
9. Asking questions to the audience at 9 o'clock in the morning is not a good idea.  
(Giving wrong answers is much worse.)
10. Relative advantage is what matters, not absolute advantage.  
(The only statement of the whole course which definitely is true).

### **Ten facts**

(We didn't see too many facts in the lectures, but some graphs and stories, so I just found some stuff, that illustrates some of the ideas, especially the ones about inequality, barriers and lobbies.)

1. Between 1988 and 1993 the world's poorest five per cent lost almost a quarter of their real income. During the same period the top five per cent gained 12 per cent.
2. For every \$100 generated by world exports, \$97 go to the high- and middle-income countries, and only \$3 go to low-income countries.
3. For every dollar given to poor countries in aid, two dollars are lost because of unfair trade. Unfair trade is costing the poor world \$100 billion a year.
4. If Africa, East Asia, South Asia and Latin America increase their share of world exports by just 1 per cent, it could lift 128 million people out of poverty.
5. One per cent increase in Africa's share of world trade would generate \$70 billion – five times more than the continent receives in aid and debt relief.

6. More than 40 per cent of the world's population live in low-income countries – yet they currently account for just three per cent of world trade.
7. The rich world taxes imports from poor countries at an average of four times the rate that it taxes imports from industrialised countries.
8. Africa has lost the equivalent of 50 cents for every dollar it receives in aid, because of the falling prices paid for its commodities.
9. Prices paid to coffee farmers have fallen by 70 per cent since 1997, costing exporters in poor countries \$8 billion.
10. Rich countries spend \$1 billion a day on agricultural subsidies. The surpluses are exported on world markets. This suppresses prices, drives down the income of farmers in poor countries, and puts them out of business.
- 11.\* The rich aren't going to do anything about it... The world is cruel. Competition is a fight for survival.