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**International Studies & AAE 374**  
**Spring 2020**

**The Growth and Development of Nations in the Global Economy**

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**Lecture:**

Tuesday/Thursday 9:30-10:45, Van Hise 104

**Discussion Sessions:**

Friday 9:55-10:45 and 11:00-11:50, B317 Van Vleck Hall

Friday 1:20-2:10, 104 Russell Laboratories

Course URL: <https://canvas.wisc.edu/courses/174415>

<b>Instructors</b>	
<b>Teacher</b>	<b>Teaching Assistant</b>
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<b>Office Hours</b>	
Wednesday 10-11 am	Tuesday 2:30-3:30 pm

### ***1. Motivations***

Economic historian Richard Easterlin writes that:

Most people today are better fed, clothed and housed than their predecessors two centuries ago. They are healthier, live longer, and are better educated. Women's lives are less centered on reproduction and political democracy has gained a foothold ... [t]he last 200 years has shown the greatest advance in the conditions of the world's population ever achieved in such a brief span of time.

“The Worldwide Standard of Living since 1800,” *Journal of Economic Perspectives* (2000).

Despite these achievements, poverty and income inequality persist in many parts of the world. Controversy about free trade, the new global economy, and for whom these things work, has perhaps never been higher.

Understanding these controversies requires delving into key questions about market forces, institutions, and policies that shape the growth and development of nations in the global economy.

The class provides a broad overview of these issues.

## 2. Course Objectives

The course provides a broad overview of globalization and the evolving patterns of economic growth and living standards around the world. The course uses basic economic theory, computer simulations, and data analysis to evaluate the factors that shape the wealth and well-being of nations and people. The class involve problem sets relying on EXCEL with two goals:

- 1/ evaluate the gains from globalization (how large are the gains from trade?);
- 2/ conduct simple statistical analyses of the patterns of economic growth around the world (is there historical evidence of convergence in income per capita across countries?).

Students completing the course will acquire information on the evolving patterns of economic growth, a working knowledge of available data on the global economy, the ability to use spreadsheet software packages, and practical experience in evaluating the factors affecting the process of economic development. Discussion sessions will complement the material presented in class and assist the students in completing the homework and class requirements.

The class covers five areas:

- First, the course explores the basic economics of globalization. It defines the concept of comparative advantage and its linkages with the gains from trade. It shows that international trade (including trade between poor countries and rich countries) can be mutually beneficial. It also evaluates the implications of globalization for income distribution.
- Second, the course examines the degree to which living standards are converging between nations in our world.
- Third, the class studies the many factors affecting the process of economic growth. This includes the role of resources, skills, technology, policies and institutions (how important is each of these factors?).
- Fourth, case studies are presented, illustrating the heterogeneity of experiences in economic development both over time and across countries. The case studies include historical experiences in the UK, Botswana, the USA, South Korea, India, Haiti, etc.
- Fifth, we examine the linkages between economic development, globalization and inequality.

## 3. Course Requirements and Grading

- The prerequisite for the course is an **introductory economics** class.
- The following **required textbook** is available for purchase at the University Bookstore:

David Weil, *Economic Growth*, Addison Wesley, 2013.

Readings from this book are noted as **WEIL** below.

Lecture notes, problem sets, data sets, answer sheets and additional required readings for the course will be posted on the course web page: <https://canvas.wisc.edu/courses/174415>

- **Attendance** to classes and discussion sessions is required. Discussion sessions will be held weekly. The discussion sessions will play three roles:

- 1/ assist the students with the problem sets (including teaching basic tools of computer and statistical analysis)
- 2/ complement the material presented in class
- 3/ stimulate discussion on current and emerging issues related to globalization and economic growth.

- **Assignments:** Besides the material covered in class, the course will involve 4 problem sets, 3 reaction papers and 2 exams. All problem sets and reaction papers are to be written using your favorite WORD processor, with reports submitted on CANVAS on the due dates. Late assignments will receive a 5 percent deduction per day. Additionally, there will be short pop quizzes in the discussion sections.

**Problem sets** will comprise a significant part of your grade. You are welcome to discuss the problems sets with each other and to work together on spreadsheet and data analysis. However, the written work you hand in must be yours alone. Take your computer results home (or off to a corner) and write up your own answers. Your report should be well organized with well-presented arguments. Credit will not be given for problem sets that are multiple printings of the same answers.

You will also be asked to write 3 short (2 pages) **reaction papers** in response to assigned articles that discuss issues related to economic growth and globalization. The goal of these papers is to engage you in evaluating the arguments presented in the current debate about economic and trade policies. Again, your report should be well organized with well-presented arguments.

There will be two **exams**. Both exams will be in-class exam (the second exam will be given the last day of class).

- The **grading scheme** for the course is:
  - 4 Problem Sets (equally weighted, accounting for 40% of total grade)
  - 3 Reaction Papers (accounting for 15% of total grade)
  - 2 Exams (equally weighted, accounting for 40% of total grade)
  - Participation and attendance in class and section: worth 5% of your grade

The final grade assignment will be as follows (out of 100 points):

A: 92-100, AB: 86-92, B: 80-86, BC: 74-80, C: 68-74, D: 62-68, F: 0-62.

- **Top Hat**

All students must have a Top Hat account and have a device (smartphones, tablets, laptops with internet access, etc.) that can use Top Hat. Top Hat will be used to submit answers to questions in class and in discussion sections. In addition to its use as a learning tool, Attendance and Quizzes will be handled through Top Hat.

An email invitation will be sent to you by email, but if don't receive this email, you can register by simply visiting our course website: <https://learnuw.wisc.edu/toolbox/tophat.html>

The Top Hat Course Code is: **619938**

#### 4. *Assignment Schedule*

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<i>Assignment</i>	<i>Date Due</i>
Reaction Paper 1: Is Globalization Good?	Jan 30
Problem Set 1: Benefits from Trade #1	Feb 13
Reaction Paper 2: North American Free Trade Agreement (NAFTA)	Feb 20
Problem Set 2: Economic Growth: Unconditional Convergence	Mar 5
EXAM 1 (in class)	Mar 12
Problem Set 3: Economic Growth: Conditional Convergence	Mar 26
Problem Set 4: Benefits from Trade #2	April 9
Reaction Paper 3: Inequality and growth	April 16
EXAM 2 (in class)	April 30

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#### 5. *Topics*

- Introduction  
WEIL, Chapters 1, 2, 4, 5
- Globalization, Comparative Advantage and the Gains from Trade  
WEIL, Chapters 11
- Growth through Factors Accumulation  
WEIL: Chapters 2 and 3
- The Role of Resources  
WEIL, Chapters 15 and 16
- The Role of Human Capital  
WEIL: Chapter 6
- The Role of Technology  
WEIL: Chapter 7, 8, 9 and 10
- Increasing Returns and Economic Growth  
WEIL: Chapters 7, 8, 9
- Case Studies  
UK, Botswana, USA, South Korea, India, Haiti, Brazil
- Inequality and Growth  
WEIL: Chapter 13

## 6. *Other information*

**Plagiarism:** Plagiarism is a serious offense. All sources and assistance used in preparing your papers must be precisely and explicitly acknowledged. Ignorance of what constitutes plagiarism or academic misconduct is not a defense. It is your responsibility to be sure. The web creates special risks. Cutting and pasting even a few words from a web page or paraphrasing material without a reference constitutes plagiarism. If you are not sure how to refer to something you find on the internet, you can always give the URL. It is generally better to quote than to paraphrase from material on the web, because in the absence of page numbers it can be hard to find passages that are paraphrased rather than quoted. For more information on writing and source citation, the following may be helpful <http://writing.wisc.edu/Handbook/Documentation.html>

**Academic Integrity:** By enrolling in this course, each student assumes the responsibilities of an active participant in UW-Madison's community of scholars in which everyone's academic work and behavior are held to the highest academic integrity standards. Academic misconduct comprises the integrity of the university. Cheating, fabrication, plagiarism, unauthorized collaboration, and helping others commit these acts are examples of academic misconduct, which can result in disciplinary action. This includes but is not limited to failure on the assignment/course, disciplinary probation, or suspension. Substantial or repeated cases of misconduct will be forwarded to the Office of Student Conduct & Community Standards for additional review. If you have any questions about what constitutes academic misconduct, please read the following information <http://students.wisc.edu/doso/acadintegrity.html> or come talk with one of the instructors.

**Accommodations for students with disabilities:** "The University of Wisconsin-Madison supports the right of all enrolled students to a full and equal educational opportunity. The Americans with Disabilities Act (ADA), Wisconsin State Statute (36.12), and UW-Madison policy (Faculty Document 1071) require that students with disabilities be reasonably accommodated in instruction and campus life. Reasonable accommodations for students with disabilities is a shared faculty and student responsibility. Students are expected to inform faculty [me] of their need for instructional accommodations by the end of the third week of the semester, or as soon as possible after a disability has been incurred or recognized. Faculty [I], will work either directly with the student [you] or in coordination with the McBurney Center to identify and provide reasonable instructional accommodations. Disability information, including instructional accommodations as part of a student's educational record, is confidential and protected under FERPA. <http://mcburney.wisc.edu/facstaffother/faculty/syllabus.php>