SYLLABUS

ECON 1040-101: INTRODUCTION TO THE GLOBAL ECONOMY
DEPARTMENT OF ECONOMICS
COLLEGE OF BUSINESS ADMINISTRATION
MARQUETTE UNIVERSITY
Fall Term 2017; Session 2

Monday, Wednesday and Friday - 11:00 am to 11:50 am.

David Straz Hall, room 450

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Office: Straz Hall, Rm 470

Office Hours: Immediately before class or in the 2 hours after, or by appointment

This course is an introduction to the global economy for non-Economics majors. The course will introduce basic concepts of economics and explore the meaning and impact of globalization upon our modern world. Topics explored will include globalizations impact upon trade, economic development, foreign assistance, conflict and migration and inequality.

Texts

THE GLOBALIZATION PARADOX: DEMOCRACY AND THE FUTURE OF THE WORLD ECONOMY
Dani Rodrik
W. W. Norton & Company, Inc., 2011

WHAT MONEY CAN’T BUY: THE MORAL LIMITS OF MARKETS
Michael J. Sandel
Farrar, Straus & Giroux, 2012

Additional readings posted on D2L.


E-links to A. Deaton “Great Escape” - and Collier – “Exodus.” Through e-mail of 7-11-17 from Beech ay Raynor. Link to Marqcat – click on CONNECT to EBSCOhost version online.
And note bookmarks in Internet Explorer showing 5 on conflict and refugees. Also, electronic “Bottom Billion.” IAD “Global Trends” reports, August 2017.

Class Objectives:

1. Understand basic concepts of trade theory, including comparative advantage.
2. Understand U.S. history of foreign aid
3. Understand political economy of trade and foreign aid.
4. Know history and characteristics of Post WWII international institutions.
5. Understand primary sources of conflict in the developing world.

These objectives will be accomplished through the reading and writing assignments as well as through the in-class discussions that make up the course.

COURSE FORMAT – Lecture, writing, discussion

COURSE GRADING – There are 100 possible points in the course.

30 points for the midterm, 30 points for the final, 5 points for each of 8 weekly written assignments, or 40 points.

GRADING SCALE: Your grade will be determined from an absolute scale. I use the full range of this scale. In other words, you are not competing against your classmates for a grade, you are competing with yourself. You can determine your standing in this course at any time using the scale below. All grades will be recorded in the D2L gradebook.

Your final grade is NOT determined by a simple average. Rather, final grades will be assigned based on your weighted-average score for the class, given the weights described above, and based on the scale provided above. Note that there is no “rounding” of the weighted-average score. A score of, say, 92.8, for example, is not rounded to 93, nor does it exceed 93, and therefore a final grade of A- will be assigned to the student.

1. Midterm grades are based on 50 possible course points:
   (i) Midterm exam: 30 points
   (ii) Weekly assignments: 20 points

Midterm letter grades are assigned as follows:

A = 45 and above, A- = 42.5 to 44.5, B = 40 to 42, B- = 37.5 to 39.5, C = 35 to 37, C- = 32.5 to 34.5, D = 30 to 32, F = below 30.

2. Final grades are the 50 possible points from the first half and 50 additional possible points from the second half as follows:
   (i) Final exam: 30 points
   (ii) Weekly assignments: 20 points
Final grades are assigned as follows:

A = 90 and above, AB = 85 to 89, B = 80 to 84, BC = 75 to 79, C = 70 to 74, CD = 65 to 69, D = 60 to 64, F = below 60.

University policy generally precludes make-up exams. Students who miss exams for medical, legal, family, or university sanctioned reasons should consult with the instructor in advance if possible, regarding their absence. Students who do not have acceptable excuses receive a zero on the missed exam; students who have acceptable excuses will have their course grades recalculated over their remaining scores.

Class attendance policy

Students are expected to attend all classes. Missed classes should be discussed with the instructor before or immediately after being missed.

WRITING ASSIGNMENTS - If you use something else to help you, cite it! If you’re in doubt, cite it! Don’t risk plagiarizing someone else’s work by trying to save a few keystrokes. The Marquette University policies on academic honesty will be followed. For help see: http://www.marquette.edu/provost/integrity-index.php

ADDITIONAL NOTES: This course syllabus provides a general plan for the course; deviations may be necessary in the course of the semester. This course syllabus provides a general plan for the course; deviations may be necessary in the course of the semester. The few listings shown here is just a sample of the content, more of which I will post to D2-L, hand out, or send to you by e-mail.

If you wish to discuss anything, please do not hesitate to call me at any time. If I’m not available, my phone will go to voice-mail, so please leave a message and number and I’ll return the call as quickly as I can.

Special needs

Please inform me during the first week of class if you have any conditions that may limit or affect your ability to participate in this course so that we can make necessary arrangements. You may also contact the Office of Student Educational Services (OSES), in AMU 317 (8-3270) for more information (see also: http://www.marquette.edu/oses/).

August 28 - Introductions

Please be prepared to tell me what you know and may not know about international affairs and economic theory. I’d like to get a sense of your general knowledge on these topics, field any questions and perhaps get from you suggested topics of interest as well. Also, please watch the video at the link below.
August 30 - Hans Rosling. “No More Boring Data” [http://www.youtube.com/watch?v=hVimVzgtD6w](http://www.youtube.com/watch?v=hVimVzgtD6w)


China really the only place where A. Lewis model has worked. Rosling is talking about “convergence,” even though he does not use the word. The developing countries, with low-per capita income, tend to grow faster than developed countries. When is India going to catch up? “2048,” he facetiously says.

What themes does he touch on in explaining his data, even though he does not specifically mention them? Themes of race, geography, religion, culture. What two obvious differences distinguish undeveloped economies from developed economies, according to Rosling? What were the two great periods of trade expansion and growth? 1870 to 1914; 1950 – 2000.


Krugman text, Macro, page 7 on opportunity cost. And, NYT, hardcopy in papers, October 5, 2014, Madrick, “Our Misplaced Faith in Free Trade.”

Assign Rodrik pages. First chapter. Two camps debating on Friday, 15th. Comparative advantage, pros and cons.


September 18, 20, 22 - Import substitution Industrialization (ISI) according to Hirschman. Paul Krugman – expand? Feenstra, international trade text – Chapter 6 – NAFTA, etc. Todaro, p. 623.


Hans Rosling’s remark about “stupid central planning” in his video.


“Why is income inequality increasing in the developed world?” December 2016, Max Roser, Jesus Crespo Cuaresma – pages 8-10. MU papers. In Birdsall papers also. You tube – inequality - crash course - bookmarked.

Backward and forward linkages did not exist – did not have companies like 3M, Gehl, Pabst, J.I. Case, Harley, Hanischfeger, Crane, Honeywell – so, they said, “Wait, let us catch up.” Hence ISI – using infant industry argument as a policy basis. So we have Mercantilism, opening of trade, closing of trade after WWI, opening after WWII during which time the third world sees that they are not benefiting from this and decide to do ISI, and then the Washington Consensus, which suffers later because of growing inequality and crises of Costa Rica and Mexico 1982, Mexico again in 1994, East Asia, 1997, Bolivia, 2000, Argentina.

(Why did underdeveloped countries opt for infant industry economic policies? Due Wednesday, Sept 20. What did Dr. Arthur Lewis’ theory of economic development assume about the marginal product of labor in the rural sector? How was Lewis’ theory of relevance to countries in the “developing” world?) Role of Institutions. What distinguishes poor countries from rich countries for much of the post war era? (large families, short lives.) What do we mean by “structural constraints?” What is the opposite of structural constraints?

September 25, 27, 29 – Washington Consensus


See MU e-mail on Washington Consensus – June 20, 2017 – The SAGE Encyclopedia of Economics and Society. Distributed

Concrete neo-liberal measures listing in M. Steger, page 41.


(Were Washington Consensus Policies good for growth? Due September 27. Were they good for reducing inequality? Has openness to trade during the last 20-25 years been a good thing for developing countries? Good for growth? Good for shared growth? We go from comparative advantage as a break with mercantilism to comparative advantage and “liberal policies,” in the Washington Consensus, based on the enlightenment philosophers. Emphasis on choice and the individual as opposed to the crown or the state.) Mention “Creative Destruction” (Schumpeter), Conditionality (IMF, WB), and Cumulative Causation (Myrdal).

Oct 2, 4, 6 - The AID Debates

http://www.cfr.org/foreign-aid/does-us-spend-its-foreign-aid/p39034

PPoint on Foreign Aid.
Two bookmarks on foreign aid in “e” browser. Goodson chronology, MU papers. L. Bashan book.


Sanjaya Lall article – discrediting “Dependency Theory” – MU e-mail - 5-22-17. From “World Development.”


Collier – “Bottom Billion” - “Reasonable estimate is that over the last thirty years aid has added one percentage point to the annual growth rate of the bottom billion. .... significant in that the growth rate of the bottom billion over the same period has been much less than one percent per year. In fact, it has been zero. The one percent is the difference between stagnation and sever cumulative decline. Aid has been a holding operation preventing things from falling apart.” “Aid is more efficient than oil.”

GDP per capita – literacy, and infant mortality – the last one being a good predictor of unrest – when looking at how to use the money.

(What is (approximately) the share of foreign assistance resources as a percentage of the overall federal budget? What are the three elements or considerations which serve as the basis for the United States Government’s foreign assistance program? Name three countries of the five largest recipient countries of USG foreign aid. Does foreign assistance help or hinder growth? Influence of private donations versus public.) Have introduced them to Hofstadter’s remarks and Niebuhr re “exceptionalism.” We are both a universal and provincial nation, not unlike some others of long standing (India and China) but more critical and criticized because we are looked to with hope.

Oct. 9 – Migrations – Immigration – Refugees (Al Durtka to lecture – International Institute of Wisconsin.)

Have hardcopy, “Myths about Refugees” from FS Journal; and “Refugee Resettlement” – from FSJ, April 2016. (Why is this issue important regarding economic theory? Because now labor is mobile – Just as capital is mobile. Unlike in classical growth and trade theory.)

“Economics of Immigration” – Crash Course economics – no. 33. Used Friday, October 6.

Race, Religion, Nationality, Social Group, Political view. 5 categories for refugee requests. Refugees must repay their airfare after 5 years. Benefits stop after 3 months. 95% self-sufficient in Milwaukee area. Last year about 1500 settled in Wisconsin. About 350 in Milwaukee area.

“A Very Brief History of Migration” – OUP - Reserve
Oct. 11 - J. Rivas ppont of June 2014 on history of immigration. Could be up to 70 percent of Wisconsin dairy workers are migrants.

“Syrian Journey: Choose your own escape route”


“Against All Odds” (UNHCR)


“Exodus – How Migration is changing our World” – Collier – e-book MU e-mail of 7-11-17.

Newsweek – 9-19-17 – HHS report found refugees, in particular, have netted the government $63 billion in revenue over an almost 10-year period, The New York Times reported…… “Altogether, draft HHS report found that between 2005 and 2014 refugees had contributed roughly $269.1 billion in federal, state and local taxes, more than covering the amount of public benefits they might have received by working in the service industry or others.

The final report, published early September, did not cite the amount the U.S. gained from refugees and stated that per capita, refugees cost top Health and Human Services programs $3,300, compared to $2,500 per American, who also had lower participation rates."

Economist – Oct 12, 2017 – “UNHCR has resettled about 70,000 refugees per year between 2007 and 2016. But the organization classifies a total of about 22m people as refugees and counts 66m under a broader definition of “forcibly displaced people”. Most are sheltering in states close to their own countries. Some make their way overland, or by sea, to European and other countries, where they seek asylum upon arrival.”

(Is international migration a development issue? Why or why not? Has Globalization contributed to refugee/migrant flow?) Do immigrants bring down wages? See Rajesh Mirchandani, “Effect of Immigrants, etc.” 8-8-17 – CGD in Migration and MU papers. Also, M. Orozco IAD piece on migration, in Migration papers.
Midterms – October 12 – 18.

Midterm, Friday - October 13.

October 16 – remittances. Class for Oct. 18 – see below - role of Central Bank - “Foreign Aid and remittances” Crash Course economics. No. 34. How does this influence our foreign assistance? Should it? Downside is that it is usually only for consumption – not investment. Look at Lecture notes in MU papers.


Semester Break Oct. 19 – 22

Oct. 23 (cancelled 23rd) 25, 27 – Natural Resources and Susceptibility to Conflict


What is a nation? “.... the monopoly of the legitimate use of physical force within a given territory.” Max Weber – used on lecture of Nov 1. Brought in Treaty of Westphalia.


And “Lawfare” article in yahoo e-mail, Sept 27, 2017.


Article by Graham Fuller, reference to Robert Kaplan – in MU papers.

Bannon and Collier – “Natural Resources and Violent Conflict” – Chapter 2, reserved.

(What is the Natural Resources Trap? Why might this be of greater relevance to underdeveloped countries than to developed countries? Why should we care about all of these countries in conflict? Particularly if they are far away and not very powerful countries?)

Financial Times article, in folder, 9-20-14 – Simon Kuber – references to Pinker, conflict.
Nancy Birdsall – 2007 – Income Distribution - Effects on Growth and Development – “Finally there is the evidence from studies of crime and violence. Fajnzylber, Lederman, and Loayza - (2002) assessed the impact of inequality on homicide rates in a cross section of 39 countries over the period 1965-95. Income inequality measured by the Gini coefficient had a significant and positive effect on homicide rates, robust to a variety of specifications. Ratios of income of contiguous quintiles starting with the second quintile (that is, third to second, fourth to third, and fifth to fourth) exacerbate crime, and at an increasing rate. In other words, it was not poverty or inequality at the bottom that explained crime, but the disparity between the middle strata and their richer counterparts. It was not absolute but relative income that mattered. It is difficult to distinguish conceptually between the effects of inequality on political and economic institutions and on such “social” institutions as social capital and shared civic customs and habits. To some extent that may be because across societies such “institutions” as broad-based property rights, democracy with checks on abuse of power, and “trust” among citizens, tend to be correlated with each other. In any event, evidence suggests that in each category, such institutions have evolved less successfully where income inequality has been high.


“How economic inequality harms societies.” | Richard Wilkinson - TED talk

Nov. 6, 8, 10 - International Institutions - Bretton Woods, IMF, WB, UN, WTO. OECD video, MU e-mail, August, 2017.

https://www.youtube.com/watch?v=1dq7mMort9o&index=11&list=PL1oDmcs0xTD-dJN1PL2N1urX0EKupB1CQ – crash course on Federal Reserve #10.

See Lecture notes, “Fall 2017 – 2” re intro – paraphrase from the New Yorker. “US Internal Security Assistance to South Vietnam” – William Rosenau, Routledge 2005. Page 142 – “Reinhold Niebuhr observed in 1952 that the framers of US national security policy viewed themselves as “tutors of mankind in its pilgrimage to perfection.” Rostow, Hilsman and Komer believed in the universal applicability of the American model which they saw as a key to promoting development and defeating communism in the developing world. This belief was certainly not unique to the Kennedy era……If the United States was at the apogee of the modernization process, it followed that it was both possible and desirable to create versions of American institutions abroad. In Vietnam, the US would attempt to replicate its own social, political and economic infrastructure, including police institutions.”

Insert on international institutions - Daniels' econ text chapters. MU papers - Also Rodrik, Chapter 4 and pages in chapter 8. Something on what a common market is. MU e-mail, 8-24, video on OECD. Also yahoo e-mail, Aug 24, 2017. https://youtu.be/1dq7mMort9o - Federal Reserve.

Joseph Nye, “Will the Liberal Order Survive?” Foreign Affairs, January/February 2017. G-mail, June 26 - Log into Marqcat. Also, in MU papers. (What does he mean by, the “Liberal Order?” “…… the tradition of democracy and by extension, the open rules-based international economic and political system that has characterized the western world since 1945, and many more parts of the globe since the fall of the Soviet Union in 1991.”
What prompted the establishment of international financial institutions? At Bretton Woods, U.S. wrests financial dominance from the UK. Why do we care about the IMF and the World Bank? What instructional architecture do we need for global economic governance? WB and structural adjustment, HIPC, poverty alleviation strategies as options. Bretton Woods reflected a sense that government intervention was required for the market.

Nov. 13, 15, 17 - Michael Sandel readings. Introduction and then mainly chapters 2, 3, 4. (An ontological question – what is a market?) Note comment on Sandel in “Lecture Notes,” word doc.

teach to this – “Advocates of market-based solutions not only for exchange but also for social issues argue that these are best because they preserve people’s freedom of choice. (But then failure is your own fault – Davis – freedom, yes, but you rise on or fall on your own choices. Welfare argument is made too whereby one advocates the efficiency of the market for the greatest number. This does not address equity.) How can a market-based solution preserve freedom of choice? How might it not preserve freedom of choice? A complete answer will offer the strengths and weaknesses of the market and people’s ability to choose what is best for them.”

Nov 16 – Venezuela discussion at Cedarburg Library – 6:30 p.m.


“Ethics and Inequality: Is there such a thing as global citizenship?”


Nov 22 – 26 – Thanksgiving

Nov. 27, 29, Dec. 1 - pieces from Birdsall. See her syllabus, Dec 4 rubric for articles.


**Millennium Development Goals** – In 2000, Kofi Annan, picked a set of "Millennium Development Goals," eight challenges to be met by 2015, which were adopted by world leaders. Most of the original Millennium Development Goals will have been met or nearly so by 2015. Since 2000, for example, the number of people living in extreme poverty and hunger around the world will have been cut in half—an astonishing achievement. Other goals included universal primary education, gender equality, reductions in child mortality, improvements in maternal health, progress against HIV and malaria, environmental

Note websites – New America, CGDev – “You cannot be monolingual if you wish to have some type of professional mobility - unless you plan to live in isolation the rest of your life.”

John Ruskin – In his four essays, Unto This Last, Ruskin rejected the division of labour as dehumanizing. He merged his own beliefs in social justice with his Anglican theology. Have a short excerpt in docs.


Dec. 8, review – and evaluations to be done in class. Tolstoy’s novella, the “Death of Ivan Illych” - “Ivan Illych’s life was very simple and ordinary, and therefore so terrible.” Keep this in mind when deciding on your life’s work. Professor Evaluation.

Final Exam December 11 – 1:00 – 3:00

Remittances – special chapter – Manuel Orozco – MU e-mail 5-18 ‘17.