

GLOBAL 130, SPRING 2017
GLOBAL ECONOMY AND DEVELOPMENT
TUESDAY AND THURSDAY 11:00-12:15 PM, 1920 BUCHANAN HALL

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Office Hours: T, 8:50 -10:50 am, 2001 SSMS.
Plus – up to 30 minutes after each lecture.

Course Description: The world is changing. It is becoming multi-polar. “The Rest” are rising. Power structures are realigning. This means new opportunities and challenges for individual countries and for a variety of local and global interest groups. It means big new challenges to the institutions that have guided the global economy and on which we have relied, inter alia, to maintain peace and stability. Meanwhile, environmental degradation is accelerating. How will societies cope, adapt and thrive? While not purporting to answer these questions, this course will introduce you to key historical and intellectual developments in economic thinking that have brought us to this point, starting in the latter half of the twentieth century, when developing countries first gained autonomy to set their own course. It also aims to improve your economic literacy, particularly with respect to the big policy challenges and debates of the day. These challenges and debates revolve around – environmental protection, nutrition, economic growth, institutions, employment, public finances, public services, trade, industrial change, employment, labor rights, financial and anti-trust regulation and inequality.

Requirements:

To do well in this course you are expected to attend all the lectures, work diligently on your homework assignments, and do all the readings (roughly 75 pages per week). I will provide leading questions to help you focus on the key points of particular readings. **I also expect you to read one or more serious newspapers daily.**

Sections:

Section attendance will be taken, and participation in section meetings and other indicators of effort will count 10% towards your final grade. Note that it is the quality rather than the quantity of your contributions in section that will matter. To ensure useful class discussions and high participation scores, participate more when you have completed your homework and readings and less at other times, and be respectful of your classmates and TAs. You may not attend sections other than your own. You may switch sections, if you can find somebody willing to exchange seats with you. In such a case, the switch must be permanent, and you must inform both your TAs about it.

We will hold sections in 1525 Phelps during the three weeks of 9-26 May.

Homework:

Homework assignments are due in lecture on the day listed in the course outline (below). Please place your homework in the box corresponding to your discussion section. Homework handed in up to one week late will be graded, but will be docked 40%. Your final homework grade will include the best 6 of your 7 assignments.

You are encouraged to solve homework in groups. Two people may even write up their homework assignment together. If you do so, turn in only one copy of the homework assignment with both of your names and section times on it. However, each person or pair turning in a homework assignment is required to write up the solutions independently of other groups. Any obviously identical write-ups will receive zero credit. Keep your graded homework assignments once they have been handed back to you. If you feel that there has been an error in the recording of grades, you will need to produce the graded assignments.

Exams:

There will be two in-class multiple-choice *midterm exams* (on Tuesday, 2 May, and Tuesday, 30 May), and a multiple choice *final exam* on Wednesday, June 14, 12-3 pm. The first midterm will include material from lectures until (& including) 27 April and from section until 28 April. The second midterm will include material from lectures and sections during 2 May– 26 May. The final will cover the entire course. All exams will be closed-book tests. *There will be no early or late examinations, and no make-ups, except (with a doctor's note) for medical reasons or the death or hospitalization of a family member, or (properly documented) to attend job interviews, immigration-related appointments or to embark on other academic trips. Make-up exams will be short-answer exams will be at least as difficult as the multiple choice midterm, so there is no advantage to taking a make-up test.*

Grade Percentages:

Mid-terms: 15% each (30% total)

Final: 24%

Homework: 6% each for the best 6 out of 7 (36% total)

Participation in Section meetings: 10%

Required Reading

- An electronic version of the reader is available on the Gauchospace site for free.
- Printed readers will be available next week from the Associated Students Copy Shop at the UCen for something like \$50.
- One or more serious newspapers daily (e.g., Financial Times, New York Times, Wall Street Journal, Washington Post, Guardian).

Course Website and Use of Email:

There is a course website available through Gauchospace. Access to this website is a requirement for the course. Lecture notes will be posted on the site. I will occasionally also post other materials of interest, including some instructional videos. Your teaching assistants and I will contact you from time to time by email.

Office Hours

Each of the TAs will hold office hours twice weekly, for a total of 3 hours per TA per week. I will be available to answer questions during my office hours and for up to half an hour after each lecture (provided somebody sticks around with questions). Feel free to attend my office hours or those of any TA, irrespective of which section you are in. Given these extensive hours (9 hours per week, total), we will not respond to questions on the material or homework sent via email. Nor will we make appointments outside office hours to meet with students to discuss course material. However, do seek out an individual appointment if you wish to discuss a private matter. The **tentative** schedule of office hours is as follows. If none of these hours work for you, send me, before noon on Sunday 9 April, a list of all times between 8 am-8 pm M-F when you are not working or in class.

Who?	When?	Where?
Prof. Mehta	Tuesday, 8:50-10:50 am.	2001 SSMS
Prof. Mehta	Tuesday: 12:15-12:45 pm.	Outside Buchanan Hall
Mesadet Sozmen	Wednesday: 4:50-6:50 pm.	2009 SSMS
Sylvia Cifuentes	Thursday: 9:50-10:50 am.	2110 SSMS
Prof. Mehta	Thursday, 12:15-12:45 pm.	Outside Buchanan Hall
Sylvia Cifuentes	Thursday: 2:50-4:50 pm.	2110 SSMS
Mesadet Sozmen	Friday: 10:50-11:50 am.	2110 SSMS

Use of Mathematics

Some arguments are well presented and validated using simple mathematics. In addition to performing basic arithmetic and (occasionally) high-school level algebra, you will be required to work with compound interest, interpret graphs and understand the equation for a straight line. We will introduce some basic statistical concepts, which you will use on your homework. Expect lots of graphs. A review of the above skills will be conducted during section the first week. Do not wait until the eve of your midterm to get up to speed on this. The class materials will not make much sense if you do so.

Tips for success:

Concepts will build on each other. If you don't understand one, the next may not be intelligible. Therefore, study regularly, ask questions in section, and visit your TAs' and my office hours regularly. Remember - we are here to help you understand course material, but not to help you cram for exams. Also – I recommend you study in groups, solve homework assignments in pairs, and teach the answers to each other. Bring printouts of PowerPoint slides to class, and take copious notes on them. Always read before or immediately after lecture and before section, with the aid of the review questions. In this way, you will see most material for the third time in section. Three is the magic number –concepts covered won't always make sense the first or second time around.

Special Needs/Language/Personal Situations;

If you have a learning disability, language barrier or other personal circumstance that requires special consideration or arrangements, please speak with me and your TA about it. You may use a paper (not electronic) dictionary during exams. Inform your TA or me early in the quarter if you are working more than 20 hours per week or are experiencing language or personal problems. Do NOT wait until the end of term to inform us of personal difficulties. Such concerns are only actionable when communicated in a timely fashion.

Cheating/Academic Dishonesty

The following is departmental policy, to which I will defer in all circumstances.

- It is the policy of the Global Studies Department not to tolerate academic misconduct of any sort.
- Academic misconduct is defined by the university. It includes, but is not limited to, plagiarism, copying or putting your name on somebody else's work, and cheating on exams. Violations of course-specific policies intended to prevent academic misconduct constitute academic misconduct. Aiding an act of academic misconduct is academic misconduct. Please read [the university's policy here](#). Ignorance is not an excuse.
- Any instructor in charge of a course informed of the possibility of academic misconduct will look into the matter. If the instructor determines that there is "reasonable suspicion" of academic misconduct, they will gather what facts are available and refer the matter to the Office of Judicial Affairs. Judicial Affairs will adjudicate whether a penalty is appropriate and what it should be, not the instructor.

Week	Date	Topics/Readings	Discussion section	Assignments due this week covers:
INTRODUCTIONS: KEY THEMES, AND "DEVELOPMENT"				
ONE	4-Apr	<u>Introduction, Course Administration</u>	Math review (Krugman & Wells, Ch. 2 appendix), Causality vs. correlation	
	6-Apr	<u>Growth: Not development, but historically integral to it.</u> Taylor & Lybbert (2015, Ch.1) Pritchett & Summers (1996) "Wealthier is Healthier"		
TWO	11-Apr	<u>Post-development and human development</u> Todaro & Smith, Chapter 2, pp.37-71 Escobar "The making and unmaking of the third world through development" Taylor & Lybbert (2015, Ch.6)	Supply & Demand	HW#1: Graphing
GLOBALIZATION AND MARKETS: THE GOOD, THE BAD AND THE JUST PLAIN MESSY				
	13-Apr	<u>The good: How markets work, and what it means to say they are efficient.</u> Krugman & Wells, Chapter 3 Krugman & Wells, Chapter 19 (pages 466-9 only)		
THREE	18-Apr	<u>The Bad: One dollar one vote - Markets and Equity</u> Sen, 1981, <i>Poverty and Famines</i> , Ch. 7 K&W Ch. 4	Intervention in the	HW#2: Supply and
	20-Apr	<u>The just plain messy: Efforts to achieve equity in practice.</u> NYT "Under pressure, Nigerian President Relents" NYT "Prices & anger rise in Nigeria" Venezuela: "Empty Shelves and Rhetoric" Egypt Attracts Foreign Investment as Currency Falls Nigerian economy suffers first annual contraction		
INTERNATIONAL TRADE: THE GOOD, THE BAD AND THE JUST PLAIN MESSY				
FOUR	25-Apr	<u>The good and bad: Trade gives us more stuff, but has distributional consequences</u> Krugman & Wells, pp. 20-25 and Chapter 17. Spence, 2011, "Globalization and Unemployment" Debates over Trade Adjustment Assistance (online) Hillary Clinton and the Populist Revolt (online)	Trade theory	
	27-Apr	<u>The just plain messy: Why countries have tried to manage trade</u> The Economist "Booming Mongolia: Mine, all mine"		HW#3: Intervention in the Market

Week	Date	Topics/Readings	Discussion section	Assignments due
			this week covers:	
		Financial Times "Saudi Prince's ambition for life beyond oil." Atlas of Economic Complexity: A Selection Chang, 2007, "Kicking away the ladder: the real history of free trade" Studwell (2013) Intro and pp. 71-108		
FIVE	2-May	Midterm 1	Midterm 1 Post-Mortem	
THE GLOBAL DISTRIBUTION OF INCOME: BY THE NUMBERS				
	4-May	<u>GDP growth, population growth, inequality and the shifting locus of global poverty.</u> Notes on the mathematics of growth and distribution Taylor & Lybbert (2015, Ch. 4-5, a few pages only)		
SIX	9-May	<u>Poverty and Inequality (concluded)</u> World Bank (2015) Global Monitoring Report World Bank (2000) Voices of the Poor Speech by Robert Chambers, 2013	Excel Introduction, HW#5: Section meets in computer labs	HW#4: Trade Theory
THE GLOBAL ECONOMY & DEVELOPMENT: INTELLECTUAL AND POLICY HISTORY				
	11-May	<u>Modernization theory: Investment & Structural Change</u> Easterly, chapter 2 Todaro & Smith, chapter 3 Course note on the Harrod Domar & Solow models		
SEVEN	16-May	<u>Dependency Revolution; Import Substitution; Export-oriented Industrialization</u> Dos Santos, 1970, "The structure of dependence" Online lecture on exchange rates	HW#6, Growth and Investment. Section meets in computer lab.	HW#5: Measuring Poverty and Inequality
	18-May	<u>Dependency Revolution; Import Substitution; Neoclassical Counter-revolution</u> Easterly Ch 3, 11 Williamson, 1990, "What Washington Means by Policy Reform" Rodrik, 2006, "Goodbye Washington Consensus, Hello Washington Confusion"		
THE GLOBAL FINANCIAL SYSTEM TODAY				
EIGHT	23-May	Fiscal Policy, Monetary Policy, and Global Imbalances	HW#7: The Kaya Identity. Section	HW#6: Growth and Investment

Week	Date	Topics/Readings	Discussion section	Assignments due
		Levine, 1997, "Financial Functions, Institutions and Growth" Primers on fiscal and monetary policy (online)	meets in computer lab	
	25-May	<u>The Global Financial Crisis, Part I: Build-up.</u> Rajan - Faultlines (Introduction and Ch. 1) Video "Inside job" Video "Quants" Video: Arturo Bris on the build-up		
NINE	30-May	Midterm 2	Midterm 2 post-mortem	HW#7: Growth and Carbon Emissions
	1-Jun	<u>Today's Global Financial and Economic Landscape</u> Readings TBD		
TOWARDS THE FUTURE				
TEN	6-Jun	<u>Climate change: How market-based approaches are killing the planet, but could help save it.</u> Krugman & Wells, Chapter 19 Canada's prime minister secures a deal.. Governor Brown signs sweeping legislation to combat climate change Climate Action Tracker (Online)		
	8-Jun	<u>Wrapping up: Climate change; Races to the Bottom and Top; and Conclusions</u> Felipe & Mehta (2016) "Deindustrialization: A Global Perspective"	General Discussion, Review	