

INTRODUCTION TO THE WORLD ECONOMY

Course Syllabus — Fall 2019

Lecturer & Class Teacher: Artem O. Altukhov, O.C.

§ Course Description

Introduction to the World Economy is a one-semester elective course offered to the second and third-year students of all specializations. The course purports to introduce the students to the most topical issues of the global economy, including inequality, migration, trade wars, and climate change.

We start by reviewing the factors behind the historical development of capitalist economies and their amalgamation into one and seek to link these factors to the key theories in the field. In the course of our subsequent discussion, we come to explore and assess the different policies addressing the challenges world economy faces, including hunger, pension crisis, poverty, and others, their societal and political implications, as well as idiosyncrasies of these challenges in specific parts of the world.

The course is offered in a blended format, by virtue of combining in-class sessions with online learning. As the sole prerequisite, the students are expected to have mastered the first-year introductory course in economic theory.

§ Learning Outcomes

Upon successfully completing the course, students should be able to:

- Understand the economic implications of globalizing capitalism for individuals, industries, cities, and nations;

- Analyze the links between trade, economic growth, and globalization with particular reference to developing countries' cases;
- Critically comment on specific policy issues such as protectionism, gentrification, universal basic income, immigration controls, &c.;
- Apply the framework of sustainable development to analyzing current global economic problems.

§ Course Evaluation & Coursework

The final grade shall be determined as per the following weights:

Online lectures completion (validated in-class by *Socrative*) — 30%
 In-class participation — 30%
 Final exam — 40%

In-class participation accounts for a substantial share of the final grade, as it is crucial for learning experience. The students are thus expected to engage with the core ideas of the course as discussed in lectures and readings and to arrive to class well prepared. Participation shall be evaluated in concordance with the HSE - UoL program evaluation rubrics, the *Code of Conduct*, and *Expectations* (available on the [official website](#)) and shall be based on:

1. Student's contribution to the discussion of a given problem or business case based on the concepts we learn. The quality of student's comments — critical thinking, relevance to the topic, conceptual links to the previous topics student makes, and rhetorical aptitude — is more important than the quantity of the same.
2. Student's in-class behavior, including punctuality, non-distraction, constructive and respectful attitude towards her peers and the comments they make.

Final exam will be closed-book and will consist of a multiple-choice test and several free-response questions. The exam will be comprehensive, which means it will cover the contents of the entire course.

§ *Coursera* Lectures

The first two lectures of introductory nature notwithstanding, the students are required to watch pre-recorded lectures from these online courses freely available on *Coursera*:

The Age of Sustainable Development by Jeffrey D. Sachs:

<https://www.coursera.org/learn/sustainable-development>

Global Trends for Business and Society by Mauro F. Guillén:

<https://www.coursera.org/learn/wharton-global-trends-business/>

Trade, Immigration, and Exchange Rates in a Globalized World

by Gayle Allard: <https://www.coursera.org/learn/trade-immigration-exchange-rates-globalized-world>

The students are strongly advised to do so shortly before the corresponding seminar so as to demonstrate their best performance at the in-class *Socratic* tests. That said, the students are advised to watch the recordings closely and in full. A tentative schedule of lectures is provided below.

The students are also encouraged to watch the online lectures not featured in the schedule below at their discretion and convenience.

§ Readings

Seminar assignments are taken from academic papers, books, and the leading financial and economic press:

Acemoglu, D., & Restrepo, P. (2017). Secular Stagnation? The Effect of Aging on Economic Growth in the Age of Automation. *American Economic Review*, 107(5), 174–179. Retrieved from <https://www.nber.org/papers/w23077>

Acemoglu, D., Robinson, J. A., & Verdier, T. (2017). Asymmetric Growth and Institutions in an Interdependent World. *Journal of Political Economy*, 125(5), 1245–1305. Retrieved from <https://economics.mit.edu/files/13783>

Annan, K., & Dryden, S. (2015, November/December). Food and the Transformation of Africa: Getting Smallholders Connected. *Foreign Affairs*, 94(6), 124–129. Retrieved from <https://www.foreignaffairs.com/articles/africa/2015-10-16/food-and-transformation-africa>

Berger, T., & Frey, C. B. (2015). Industrial Renewal in the 21st Century: Evidence from US Cities. *Regional Studies*, 51(3), 404–413. Retrieved from

- https://www.oxfordmartin.ox.ac.uk/downloads/academic/regional_studies_industrial_renewal.pdf
- Bordo, M. D. (2003). Exchange Rate Regime Choice in Historical Perspective. *IMF Working Papers*, 03(160). Retrieved from <https://www.nber.org/papers/w9654>
- Bordo, M. D., & McCauley, R. N. (2017). *Triffin: dilemma or myth?* Basel: Bank for International Settlements. Retrieved from <https://www.bis.org/publ/work684.pdf>
- Burke, M., Davis, W. M., & Diffenbaugh, N. S. (2018). Large potential reduction in economic damages under UN mitigation targets. *Nature*, 557, 549–553.
- Curran, W., & Hamilton, T. (2012). Just green enough: contesting environmental gentrification in Greenpoint, Brooklyn. *The International Journal of Justice and Sustainability*, 17(9), 1027–1042. Retrieved from <https://www.tandfonline.com/doi/abs/10.1080/13549839.2012.729569>
- Czaika, M., & de Haas, H. (2014). The Globalization of Migration: Has the World Become More Migratory? *International Migration Review*, 48(2), 283–323. Retrieved from <https://onlinelibrary.wiley.com/doi/epdf/10.1111/imre.12095>
- de Haas, H. (2010). *Migration transitions: a theoretical and empirical inquiry into the developmental drivers of international migration*. Oxford: International Migration Institute, University of Oxford. Retrieved from <https://heindehaas.files.wordpress.com/2015/05/de-haas-2010-migration-transitions-imi-wp-24.pdf>
- Dinesh, D., Campbell, B. M., Bonilla-Findji, O., & Richards, M. (2017). *10 best bet innovations for adaptation in agriculture: A supplement to the UNFCCC NAP Technical Guidelines*. Wageningen: CCAFS. Retrieved from <http://cgspace.cgiar.org/rest/bitstreams/145982/retrieve>
- Eichengreen, B. J. (2011). *Exorbitant privilege: the rise and fall of the dollar*. Oxford: Oxford University Press.
- FAO, IFAD, UNICEF, WFP, and WHO. (2019). *The State of Food Security and Nutrition in the World 2019*. Rome: FAO. Retrieved from <http://www.fao.org/3/I9553EN/i9553en.pdf>
- Franklin, B. (2018). *Towards a Longevity Dividend: Life expectancy and productivity across developed countries*. London: International Longevity Centre. Retrieved from https://ilcuk.org.uk/wp-content/uploads/2018/10/ILC-UK_-_Towards_a_Longevity_dividend.pdf
- International Labour Organization. (2018). *World Employment and Social Outlook 2018*. Geneva: ILO. Retrieved from https://www.ilo.org/weso-greening/documents/WESO_Greening_EN_web2.pdf

- International Monetary Fund. (2018). *World Economic Outlook — April 2018*. Washington, D.C.: IMF. Retrieved from <https://www.imf.org/en/Publications/WEO/Issues/2018/03/20/world-economic-outlook-april-2018>
- Keynes, J. M. (1963). Economic Possibilities for our Grandchildren. In J. M. Keynes, *Essays in Persuasion* (pp. 358–373). New York: W.W. Norton & Co. Retrieved from <http://www.econ.yale.edu/smith/econ116a/keynes1.pdf>
- Khanna, P. (2011, February). *When cities rule the world*. Retrieved from McKinsey & Co.: <https://www.mckinsey.com/featured-insights/urbanization/when-cities-rule-the-world>
- Krugman, P. R., Obstfeld, M., & Melitz, M. J. (2018). *International Economics: Theory & Policy* (11th Global ed.). Harlow: Pearson Education.
- Lisenkova, K., Mérette, M., & Sánchez, M. (2014). The Long-Term Economic Impact of Reducing Migration in the UK. *National Institute Economic Review*, 229(1), 22–30. Retrieved from <https://journals.sagepub.com/doi/pdf/10.1177/002795011422900103>
- Negri, S., Colfold, C., & Rusu, A. B. (2013, December 12). *Cities' Elusive Quest for a Post-Industrial Future*. Retrieved from World Bank Private Sector Development Blog: <https://blogs.worldbank.org/psd/cities-elusive-quest-post-industrial-future>
- Sachs, J. D. (2015). *The age of sustainable development*. New York: Columbia University Press.
- Schwab, K. (2015, December 12). *The Fourth Industrial Revolution: What It Means and How to Respond*. Retrieved from Foreign Affairs: <https://www.foreignaffairs.com/articles/2015-12-12/fourth-industrial-revolution>
- Scott, A. (2018, May 29). *The myth of an "ageing society"*. Retrieved from World Economic Forum: <https://www.weforum.org/agenda/2018/05/the-myth-of-the-aging-society/>
- University of Minnesota. (2016). *Principles of Macroeconomics*. Minneapolis: University of Minnesota Libraries Publishing. Retrieved from <https://open.lib.umn.edu/macroeconomics/>
- Urata, S., & Narjoko, D. (2017). *International Trade and Inequality*. Tokyo: Asian Development Bank Institute. Retrieved from <https://www.adb.org/publications/international-trade-and-inequality>
- World Inequality Lab. (2017). *World Inequality Report 2018*. Paris: World Inequality Lab. Retrieved from <https://wir2018.wid.world/files/download/wir2018-full-report-english.pdf>

§ Course Outline

- o. Introductory lecture. Short history of globalization
1. Fourth Industrial Revolution & sustainable development
 - a. Online lecture: Sachs week 1
 - b. Seminar readings:
 - i. *The Fourth Industrial Revolution: What It Means and How to Respond* (Schwab, 2015)
 - ii. *IMF World Economic Outlook* — April 2018 (International Monetary Fund, 2018)
 - iii. *Industrial Renewal in the 21st Century: Evidence from US Cities* (Berger & Frey, 2015)
 - iv. *Economic Possibilities for our Grandchildren* (Keynes, 1963)
2. Demographic challenges. Malthusian limits to growth. Pension crisis. Global healthcare
 - a. Online lecture: Guillén module 1, videos 1–6 ; Sachs week 6, videos 1, 5
 - b. Seminar readings:
 - i. *(Acemoglu & Restrepo, Secular Stagnation? The Effect of Aging on Economic Growth in the Age of Automation, 2017)*
 - ii. *The myth of an “ageing society”* (Scott, 2018)
 - iii. *Towards a Longevity Dividend: Life expectancy and productivity across developed countries* (Franklin, 2018)
3. Food supply & end of hunger
 - a. Online lecture: Sachs week 10 and video 4 from week 6
 - b. Seminar readings:
 - i. *The State of Food Security and Nutrition in the World 2019* (FAO, IFAD, UNICEF, WFP, and WHO, 2019)
 - ii. *Food and the Transformation of Africa: Getting Smallholders Connected* (Annan & Dryden, 2015)
 - iii. *10 best bet innovations for adaptation in agriculture: A supplement to the UNFCCC NAP Technical Guidelines* (Dinesh, Campbell, Bonilla-Findji, & Richards, 2017)
4. Migration
 - a. Online lecture: Guillén module 1, video 7 ; Allard week 4

- b. Seminar readings:
 - i. *The Globalization of Migration: Has the World Become More Migratory?* (Czaika & de Haas, 2014)
 - ii. *Migration transitions: a theoretical and empirical inquiry into the developmental drivers of international migration* (de Haas, 2010)
 - iii. *The Long-Term Economic Impact of Reducing Migration in the UK* (Lisenkova, Mérette, & Sánchez, 2014)
- 5. Urbanization
 - a. Online lecture: Guillén module 1, videos 8–9 ; Sachs week 11
 - b. Seminar readings:
 - i. *When cities rule the world* (Khanna, 2011)
 - ii. *Cities' Elusive Quest for a Post-Industrial Future* (Negri, Colfold, & Rusu, 2013)
 - iii. *Just green enough: contesting environmental gentrification in Greenpoint, Brooklyn* (Curran & Hamilton, 2012)
- 6. Poverty & inequality
 - a. Online lecture: Guillén module 2 ; Sachs weeks 2, 4, 5 if you have time
 - b. Seminar readings:
 - i. *(Acemoglu, Robinson, & Verdier, Asymmetric Growth and Institutions in an Interdependent World, 2017)*
 - ii. *World Inequality Report 2018* (World Inequality Lab, 2017)
 - iii. *International Trade and Inequality* (Urata & Narjoko, 2017)
- 7. Trade I: Currencies & exchange rate régimes
 - a. Online lecture: Allard week 1
 - b. Seminar readings:
 - i. *Principles of Macroeconomics* (University of Minnesota, 2016): Chapter 15.3
 - ii. *Exchange Rate Régime Choice in Historical Perspective* (Bordo, Exchange Rate Regime Choice in Historical Perspective, 2003)
- 8. Trade II: Trade and the economy. The balance of payments. Trade policy
 - a. Online lecture: Allard weeks 2 and 3
 - b. Seminar readings:

- i. *International Economics: Theory & Policy* (Krugman, Obstfeld, & Melitz, 2018): Chapter 10 and, if you have time, 11
- 9. Trade III: Economic imbalances & trade wars
 - a. Online lecture: Guillén module 3
 - b. Seminar readings:
 - i. *Exorbitant Privilege: The Rise and Fall of the Dollar* (Eichengreen, 2011): Chapters 6 and 7
 - ii. *Triffin: dilemma or myth?* (Bordo & McCauley, Triffin: dilemma or myth?, 2017)
- 10. Climate change
 - a. Online lecture: Sachs week 12
 - b. Seminar readings:
 - i. *Large potential reduction in economic damages under UN mitigation targets* (Burke, Davis, & Diffenbaugh, 2018)
 - ii. *World Employment and Social Outlook 2018* (International Labour Organization, 2018)
- 11. Final Exam

§ Office Hours

By appointment via altukhov@live.com.