
Department of Agricultural and Applied Economics
University of Wisconsin-Madison

AAE/International Studies 374
Spring 2021

Professor: Priya Mukherjee
Teaching Assistant: Nguyen Vuong

The Growth and Development of Nations in the Global Economy

Monday & Wednesday 2:30-3:45 pm, Online*

*Live/Synchronous session on Wednesdays, through Blackboard Collaborate Ultra (via Canvas). All lectures will be recorded and made available on Canvas.

CANVAS link: <https://canvas.wisc.edu/courses/227086>

Despite the many achievements of globalization, poverty and income inequality remain prevalent. Controversy over the role of trade and global markets in economic growth and poverty alleviation has perhaps never been greater.

Understanding these controversies requires delving into key questions about the market forces, institutions, and policies that shape the growth and development of nations in the global economy. That is what we address in this course. After a brief survey of broad patterns of growth and living standards, we first explore the basic economics of international trade. Taking technology and nations' endowments of productive resources as given, the doctrine of comparative advantage suggests that trade between poor and rich countries can be mutually beneficial, raising aggregate income in both. We explore the logic of comparative advantage and some critiques on how it shapes growth and development. We also consider how barriers to trade such as tariffs may alter the size and the distribution of gains from trade.

The second part of the course examines the forces and institutions that shape the endowments of people, skill, capital and technology that basic trade theory takes as given. Drawing on economic growth theory, this part of the course explores the "drivers" of economic growth and the reasons why growth experiences vary across nations and over time.

In the third part of the course, we bring the trade and growth stories together. We delve deeply into how endowments, technology, inequality, and institutions interact to shape growth and development outcomes. We characterize 21st century patterns of trade and global market interactions including global supply chains, outsourcing and foreign investment and revisit trade, growth and development controversies taking these into account. If time permits, we will look at the current US economy through the same lenses.

This course uses economic theory and evidence to better understand the factors that shape the wealth and well-being of nations and people in the world around us. It is also designed to impart basic economic and statistical literacy. Problem sets will be used to develop these skills by using real data to examine substantive issues from the lectures and readings. By completing this course you will gain an understanding of basic models of international trade and economic growth, simple statistics, a working knowledge of available data on the global economy, and the ability to analyze such data using spreadsheet software packages.

Prerequisite

The prerequisite for the course is an introductory college-level economics course.

Required texts

The following required books are *recommended, but not required* (all readings will be made available online, along with lecture slides/notes and lecture videos):

Economic Growth, David Weil, Addison Wesley (2013). Any edition is OK.

Understanding Global Trade, Elhanan Helpman, Harvard University Press (2011).

Trade and Poverty: When the Third World Fell Behind, Jeffrey G. Williamson, MIT Press (2011).
Electronic copy available in UW library.

Course page on Canvas

Lecture notes, problem sets, data sets, answer sheets and other material for the course will be posted on the course Canvas page.

Office hours and contact information

Priya Mukherjee
Wednesday 9:00-10:30 am
Online
priya.mukherjee@wisc.edu

Nguyen Vuong
Monday 12:00-2:00 pm
Online
nguyen.vuong@wisc.edu

Course requirements and grading

You are encouraged to discuss problem sets with each other and to work together. However, **the written/typed work you submit must be yours alone.**

The grade for this course will be based on the following:

- 6 Problem Sets (equally weighted. Together, these will be worth **45%** of total grade). The lowest grade will be dropped. The dates/timeline for the problem sets are provided on Canvas in the document called "Timeline".
- 2 Exams (equally weighted will be worth **50%** of total grade). The exams will not be cumulative. We will implement the exams with the help of [*Honorlock*](#), which is the campus-supported proctoring tool.
- Participation & attendance in TA sections is worth **5%** of total grade.

No late problem sets will be accepted.

The grading scheme is: A: 92-100%, AB: 86<92, B: 80<86, BC: 74<80, C: 68<74, D: 62<68, F: <62.

Learning outcomes

This course uses economic theory and evidence to better understand the factors that shape the wealth and well-being of nations and people in the world around us. It is also designed to impart basic economic and statistical literacy. Problem sets will be used to develop these skills by using real data to examine substantive issues from the lectures and readings. By completing this course you will gain an understanding of basic models of international trade and economic growth, simple statistics, a working knowledge of available data on the global economy, and the ability to analyze relevant contemporary issues both qualitatively, and quantitatively using real data and spreadsheet software tools.

Lectures and Materials

Lectures for the week will be recorded and posted by Monday morning, and we will meet online (synchronously) on Wednesdays. There is a fair bit of “technical” material in the class. This includes economic models, data, and some statistical analysis. The syllabus provides you with readings and other resources that will help you get acquainted with this material. *I will assume that you have read these ahead of the synchronous sessions on Wednesdays, and that you have reviewed the lectures posted.*

Course credit information

This is a 3-credit course. One credit is the learning that takes place in at least 45 hours of learning activities, which include time in lectures or class meetings, in person or online, labs, exams, presentations, tutorials, reading, writing, studying, preparation for any of these activities, and any other learning activities. This option may be useful for nontraditional formats, “flipped” courses, lab courses, seminars, courses with substantial meeting time and little out-of-class work, or any time this is a better fit for learning activities than the Carnegie definition.

Instructional Mode

Classes will be online and a mix of asynchronous, recorded lectures in addition to live sessions on Wednesdays. Discussion sections will be synchronous – two will be held in person, and two will be held online, as follows:

302 Fri 9:55 (In-person in 140 Bardeen Medical Laboratories)

303 Fri 11:00 (In-person in 140 Bardeen Medical Laboratories)

304 Fri 1:20 (Online, synchronous)

305 Fri 2:25 (Online, synchronous)

Rules, rights & responsibilities

See the Guide’s [Rules, Rights and Responsibilities](#)

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 compromises 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. For more information, refer to studentconduct.wiscweb.wisc.edu/academic-integrity/.

Accommodations for students with disabilities

McBurney Disability Resource Center syllabus statement: “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>

Diversity & inclusion

Institutional statement on diversity: “Diversity is a source of strength, creativity, and innovation for UW-Madison. We value the contributions of each person and respect the profound ways their identity, culture, background, experience, status, abilities, and opinion enrich the university community. We commit ourselves to the pursuit of excellence in teaching, research, outreach, and diversity as inextricably linked goals.

The University of Wisconsin-Madison fulfills its public mission by creating a welcoming and inclusive community for people from every background – people who as students, faculty, and staff serve Wisconsin and the world.” <https://diversity.wisc.edu/>

Discussion Sections

Discussion sections will be held weekly on Fridays. Most discussions will be linked to particular problem sets in addition to teaching basic tools needed.

Syllabus

(Readings for each lecture will be provided in a separate document. Readings will be posted online.)

I. INTRODUCTION: The long view and the big issues

II. COMPARATIVE ADVANTAGE AND GAINS FROM TRADE

- A. *Some basic analytical tools*
- B. *Understanding international trade: comparative advantage and gains from trade*
- C. *Understanding international trade: North-South trade*

III. CONTROVERSIES OVER TRADE

- A. *Should countries pursue comparative advantage? Tariffs and development*
- B. *Trade, inequality and development*
- C. *The natural resource curse*
- D. *Taking stock: trade, growth and development*

IV. GROWTH

- A. *Economic growth concepts, measures and models*
- B. *Solow growth model and convergence (2 classes)*
- C. *Technology, human capital, poverty traps (3 classes)*
- D. *Growth in the open economy*

EXAM 1: March 17, 2021, Wednesday

V. TRADE, GROWTH AND DEVELOPMENT IN THE 21ST CENTURY

- A. *Export oriented industrialization and “Miracle” growth*
- B. *Trade liberalization and productivity growth: modern models*

- C. *Offshoring, outsourcing and FDI (2 classes)*
- D. *Trade, growth and inequality in emerging economies*
- E. *Trade and inequality in mature economies*

VI. TRADE INSTITUTIONS AND POLICIES

- A. *Trade agreements and institutions*
- B. *Environmental agreements, trade and growth*
- C. *Policy choices for emerging economies and mature economies*

EXAM 2, April 28, 2021, Wednesday

Other Information and Logistics

Face Covering Guidelines (for in-person instruction)

While on campus all employees and students are required to [correctly wear](#) appropriate and properly fitting [face coverings](#) while present in any campus building (or outdoors when physical distancing is not possible) unless working alone in a laboratory or office space. (See *Face Coverings During In-person Instruction Statement* in the Syllabus Template.)

Quarantine and Isolation (for remote and in-person instruction)

Every effort should be made to accommodate the academic progress of students who may become ill or be asked to isolate or quarantine. It is essential for students to have the confidence that their progress and grade will not be put at risk by staying out of class because they are experiencing possible-COVID19 related symptoms or are required to quarantine. It is encouraged that instructors plan for this event with highly flexible course plans that utilize content delivery via Canvas and reserve in-person activities for participation and discussion.

If a student becomes ill and needs to suspend or reduce their class participation, then the student should consider dropping the course or the instructor may need to engage the student whether the conditions of an incomplete grade are likely. While flexibility is greatly encouraged, this does not imply that work towards achievement of course learning goals and engagement in activities is optional. (See: *Isolation or Quarantine due to COVID-19* in the Syllabus Template, as well as these [additional guidelines and resources](#) for supporting students' academic progress should the need to isolate or quarantine.)

Instructor Notification: Student Tests Positive for COVID-19

Instructors of *only* in-person courses will receive notification from University Health Services of a positive case within their classroom. The notification **will not** identify the individual but will alert the instructor that “an individual in your course has tested positive for COVID-19.” Specific directions will be included reminding instructors **not** to share the information with others in class to preserve Protective Health Information (PHI) and the contact tracing system. Unless the instructor hears from the contact tracers, there is no reason to believe that the instructor or others has had close contact to necessitate isolation for quarantine. See further campus guidance on [test results and what to do if you test positive for COVID-19](#).

STUDENTS' RULES, [RIGHTS & RESPONSIBILITIES](#)

During the global COVID-10 pandemic, we must prioritize our collective health and safety to keep ourselves, our campus, and our community safe. As a university community, we must work together to prevent the spread of the virus and to promote the collective health and welfare of our campus and surrounding community.

UW-Madison [Badger Pledge](#)

UW-Madison [Face Covering Guidelines](#)

While on campus all employees and students are required to [wear appropriate and properly fitting](#) face coverings while present in any campus building unless working alone in a laboratory or office space.

Face Coverings During In-person Instruction Statement (COVID-19)

Individuals are expected to wear a face covering while inside any university building. Face coverings must be [worn correctly](#) (i.e., covering both your mouth and nose) in the building if you are attending class in person. If any student is unable to wear a face-covering, an accommodation may be provided due to disability, medical condition, or other legitimate reason.

Students with disabilities or medical conditions who are unable to wear a face covering should contact the [McBurney Disability Resource Center](#) or their Access Consultant if they are already affiliated. Students requesting an accommodation unrelated to disability or medical condition, should contact the Dean of Students Office.

Students who choose not to wear a face covering may not attend in-person classes, unless they are approved for an accommodation or exemption. All other students not wearing a face covering will be asked to put one on or leave the classroom. Students who refuse to wear face coverings appropriately or adhere to other stated requirements will be reported to the [Office of Student Conduct and Community Standards](#) and will not be allowed to return to the classroom until they agree to comply with the face covering policy. An instructor may cancel or suspend a course in-person meeting if a person is in the classroom without an approved face covering in position over their nose and mouth and refuses to immediately comply.

Quarantine or Isolation Due to COVID-19

Student should continually monitor themselves for COVID-19 [symptoms](#) and get [tested](#) for the virus if they have symptoms or have been in close contact with someone with COVID-19. Student should reach out to instructors as soon as possible if they become ill or need to isolate or quarantine, in order to make alternate plans for how to proceed with the course. Students are strongly encouraged to communicate with their instructor concerning their illness and the anticipated extent of their absence from the course (either in-person or remote). The instructor will work with the student to provide alternative ways to complete the course work.