

University of Wisconsin Madison

IS 373 / AAE 373: GLOBALIZATION, DEVELOPMENT AND POVERTY

Fall Semester, 2025

Paul Castañeda Dower

Lectures
TuTh 1:00-2:15PM
Nutritional Sciences 290

Office Hours
Mondays, 1:30 pm to 2:30 pm in Taylor Hall 411 and by appointment – pdower@wisc.edu

Overview

What are the links between globalization, economic development, and poverty in low-income economies? How do these links operate, and how are they mediated or altered by global and national policies and institutions? We focus on 4 economic mechanisms of globalization: (i) trade, (ii) migration, (iii) foreign direct investment and (iv) foreign aid.

Our empirical emphasis in this course is the past four decades but we will draw on lessons from the previous globalization episodes. We begin with an introduction to contemporary perspectives on globalization in the age of political resentment. Subsequently, we will continue with an overview of the history of economic thought on globalization/development. Then, we set to work on the main objective of the course which is to explore how the economics of globalization work and how they shape growth, development, and poverty outcomes. Most of the first few weeks are spent introducing concepts, learning tools for working with data and developing basic models of trade and capital flows to help explain the heterogeneous effects of global economic interactions on developing economies. Most of the course centers on examining real-world evidence and historical processes of the effects of globalization on developing countries.

The course will conclude with students applying what we have learned with group presentations.

Learning Objectives

This is a three credit course appropriate for undergraduate students interested in learning about economic development, international institutions, the global trading system, and the factors which influence poverty in developing countries. The course provides an economic perspective on current political issues: multinational corporations, immigration policy, alternative perspectives on the appropriate role of bilateral and multilateral aid.

The course will foster skills related to both numeracy and literacy. We will learn about how to locate and interpret economic datasets. We learn the language, graphical representation and Excel skills for describing models and interpreting data. We develop an appreciation for the role of models and evidence in the rhetoric of economic policy.

Specific learning outcomes for this class are as follows:

- i. Develop an informed perspective on economic drivers of globalization over the past 40 years and the links between globalization, economic development and poverty in low-income countries.

- ii. Gain familiarity with ongoing debates concerning economic policy in developing countries and the role of international institutions in influencing those decisions.
- iii. Learn multiple sources of information regarding economic circumstances of poverty-vulnerable countries.
- iv. Learn how to use Excel and other computational tools to analyze and interpret large, multidimensional datasets.
- v. Demonstrate competence in writing about economic issues.

Instructional Mode: Face-to-face

The class primarily meets face-to-face.

Assignments and Assessment

- Two Excel assignments (10% total)
- Two papers (10% + 15% = 25% total) The first (5 pages) is due on September 30th, and the second (10 pages) is due on December 9th.
- A group presentation (15%). Each group of about 5 students will speak for 25 minutes, pro or contra a policy designed to address the forces of globalization.
- An exam on lecture material (20%), held in class on Tuesday, November 4th.
- Class Participation (10%). Participation in face-to-face lectures is encouraged.
- Final exam (20%), 10:05AM - 12:05PM on December 17th at a location to be announced.

The first paper will investigate the role that markets play in delivering opportunities for improving the wellbeing of the poor. You should select one of the books on the syllabus (e.g., narratives of globalization provided by Roberts and Lamp, the historical analysis of globalization by Marc Levinson, ideas developed by Rodrik, Collier, and Stiglitz) to develop a “pro-markets” or “contra-markets” view of the relationship between markets and the wellbeing of the poor.

The second longer paper will be coupled with your group presentation. While you will be required to work together to prepare the presentation, the written assignment will be done individually. The written assignment can reflect the group’s shared effort, but it needs to be in your own words and emphasize the thematic material you explored for the presentation. This written assignment should be between 8 and 12 pages double spaced and is due on December 9th.

You will be randomly assigned to a group, a Pro or Contra viewpoint, and a theme. Your group is free to select the remaining content of the presentation. Two group presentations by four or five students in a group will last a class period and include time for individual reflection and for group discussion. A handout describing expectations for group presentations and written assignments will be circulated which provide more details.

The final day of class on December 9th will be reserved for reflection and review for the final exam.

Exam Proctoring

In the event that a midterm and/or the final exam need be administered remotely, the course instructor has the authority to decide whether to use a proctoring service. In the event that a proctoring service is employed, failure to use the service assigned will result in a zero on the exam.

Texts and Teaching Resources

Class notes, assignments, readings, and other resources will be posted to the class Canvas page. I will upload lecture notes before the lecture to encourage participation by providing a clear summary of what material the class session will cover. Access to the site requires registration for the class and a valid UW NetID.

The readings will begin with selected chapters from a few recently published books dealing with globalization in an era of nationalist and populist resurgence. We will read chapters from Roberts and Lamp, Levinson, Stiglitz and Rodrik as an introduction to the vocabulary and concepts of the course.

There are three required books, not all of which we will read in their entirety:

- Roberts, Anthea and Nicolas Lamp 2021, *Six Faces of Globalization: Who Wins, Who Loses and Why It Matters*, Harvard University Press – Kindle \$19, Hardcover \$28.
- Levinson, Marc 2020, *Outside the Box: How Globalization Changed from Moving Stuff to Spreading Ideas*, Princeton University Press, – Kindle \$10, Hardcover \$21.
- Rodrik, D. 2011, *The Globalization Paradox: Democracy and the Future of the World Economy*, Oxford University Press – Kindle \$10, Hardcover \$12

Selected chapters from several other books will be covered in lectures. These books include:

- Joseph Stiglitz 2018, *Globalization and Its Discontents Revisited: Anti-Globalization in the Era of Trump*, Norton – Kindle \$10, Hardcover \$11
- Hernando De Soto 2000, *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else*, Basic Books – Kindle \$13, Paperback \$15

A useful reference for writing in the discipline of economics:

- McCloskey, D., 2000. *Economical Writing*, Waveland Press – Kindle \$9, Used paperback \$7

Additional readings and excerpts will be provided on the course web page or will be accessible on the internet.

Tentative Class Outline

I Introduction

1. Globalization Narratives (Roberts and Lamp)
2. Historical Perspectives on Globalization
3. Globalization, Poverty and Development
4. Institutions and Globalization
5. Winners and Losers
6. The Case for Smart Globalization
7. The evolving role of the World Bank and the IMF in reducing poverty in developing countries.

II Economic analysis of globalization

1. Introduction to economic analysis
 - Measurement and quantification
 - Supply and demand and the use of models in economics
 - Dual economy concepts

2. Partial equilibrium analysis

Analyzing government interventions in a partial equilibrium framework

Applied partial equilibrium analysis: cotton, coffee and grain markets and the implication for poverty in Africa and South America

3. Endowments, prices and poverty: theory of the consumer and its application to the analysis of economic policies in developing countries.
4. Microeconomics and trade: comparative advantage, gains from trade. The Ricardian theory of comparative advantage, the pure exchange model
5. Producer, consumers and general equilibrium

Applied general equilibrium models of trade

III Applications and Extensions

1. Trade
2. Migration
3. Foreign investment
4. Foreign aid

IV Policy analysis: selected themes

1. Civil conflict and migration
2. Climate change, adaptation and globalization
3. Global health and implications for impoverished people
4. Education policy and returns to human capital
5. Labor protection and implications for impoverished people

V Wrap-up: Perspectives on globalization

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Academic Integrity Statement

By virtue of enrollment, each student agrees to uphold the high academic standards of the University of Wisconsin-Madison; academic misconduct is behavior that negatively impacts the integrity of the institution. Cheating, fabrication, plagiarism, unauthorized collaboration, and helping others commit these previously listed acts are examples of misconduct which may result

in disciplinary action. Examples of disciplinary action include, but is not limited to, failure on the assignment/course, written reprimand, disciplinary probation, suspension, or expulsion.