

ECO-405: Global Economic Issues

Prerequisites: Either ECO 113 or ECO 114.

Fall 2015

Instructor: Chandan Jha**Lectures:** GH 412, T TH 04:00 PM–05:15 PM**Office:** Reilly Hall 330**Office hours:** T Th 10 AM–12 PM**Office Phone:** 445-4436

or by appointment.

E-mail: jhack@lemoyne.edu (Emails will be answered within 24 hours barring weekends.)Course website: <https://canvas.lemoyne.edu>
Log in with your Le Moyne ID and password.

Course Description

Some of the critical socioeconomic issues concerning the World today are poverty, inequality, gender discrimination, and the lack of (investment in) education and health facilities. The objective of this course is to explore the causes and consequences of these issues. Specifically, we examine the importance of the interplay of culture, geography, and institutions in determining these socioeconomic outcomes of utmost importance and evaluate how globalization affects these outcomes. We also briefly explore and assess the efficacy of the policies that are being taken or proposed to deal with some of these issues. While it is impossible to cover all the aspects of economic issues that the World is facing today in a single course, this course is designed to provide insights into some of the major issues. In quest of the answers to these questions, we examine the data and review the empirical literature. This course requires a basic understanding of statistics.

Learning Objectives

- Understand major global economic issues such as poverty, economic inequality, and gender discrimination, and their implications for the economic development.
- Understand the meaning of poverty and economic inequality.
- Learn how poverty and inequality is measured and the policies that can be implemented to address these issues.
- Understand how globalization affects poverty and economic inequality.
- Identify the factors that played a role in the emergence of cultural norms regarding gender equity.
- Understand the role of geography, culture, and institutions in determining the long-run economic development.
- Understand how corruption obstructs the process of economic development. Understand the role of culture, transparency, and legal enforcement in determining the level of corruption across countries.
- Understand the importance of human capital (education and health) in economic development. Identify the factors that prohibit the poor from investing in human capital.

- Understand the economic implications of the rise of BRIC (Brazil, Russia, India, and China) countries for the global economy.

Required Readings

1. **Understanding Poverty** by A. Banerjee, R. Benabou, and D. Mookherjee, editors, Oxford University Press: March 2006. This is a non-technical description of research by economists on most of the topics covered in the class. Almost all of the book will be assigned. The book can be purchased on [Amazon](#) for less than \$20.
2. **Articles from academic journals and popular press:** A number of articles from academic journals and the popular press will be assigned. These articles are provided with hyperlinks. Some of these articles may not be available online and will be posted on [Canvas](#).

Students with Disabilities

If you have a disability and need accommodations, please meet with me within the first two weeks of the semester to review your accommodation sheet. You should meet with someone from the Office of Disability Support Services each semester to review your documentation. The Office is located in the Library (1st floor; 445 4118; dss@lemoyne.edu).

Grading Scale

90– < 93	A–	> 93	A		
80– < 83	B–	83– < 87	B	87– < 90	B+
70– < 73	C–	73– < 77	C	77– < 80	C+
60– < 70	D				
< 60	F				

Grading Policy

Graded Item	Weight	Description
Homework	20%	4 homework assignments – 5 points each. The instructions on individual assignment will specify whether or not working in group is allowed.
Class participation	10%	The grade will be determined on the basis of the student's participation in the classroom discussion and the ability to answer questions from the assigned readings.
Midterms	30%	2 midterm exams – 15 points each.
Group Project	20%	A term paper (15 points) to be submitted on December 7 by midnight and class presentation (5 points).
Comprehensive Final	20%	

Missed Exam, Project, and Homework Policy

If you miss a midterm, you will be given a make-up exam only if you missed the exam for a valid excuse and you provide me with a written documentation. Any exams missed without a legitimate excuse and written documentation will receive a grade of zero. You have one week from the missed exam date to produce officially approved written documentation. In case of homework assignments, there will be no make-ups, but I will drop the missed assignments from your grade if you submit the approved documentation. The college approved excuses can be found at <http://www.lemoyne.edu/tabid/3070/default.aspx>.

Observance of Religious Holidays

As provided in New York State Education Law Section 224-a, any student who is unable to register for class, attend class, or participate in any examination, study or classwork requirements on a particular day because of his or her religious beliefs is eligible for an equivalent opportunity to register for classes or make up any missed examination, study, or classwork requirements, without penalties or additional fees. For details, see the “Class Attendance” section of the College catalog or the “[Academic Life](#)” section of the Student Handbook.

Tutoring

Tutoring @ Le Moyne, located in the back of the library, on the first floor, is open M-Th 9am-9pm, F 9am-4pm, and Sun 5pm-9pm. Peer tutors are available for most subjects. To sign up, visit <https://lemoyne.mywconline.com/> to create an account and log in to select the current semester’s schedule. If you need tutoring for a subject not listed, please email tutoring@lemoyne.edu. Tutoring is free for all students and is available from the second week of classes through the last day of classes.

Academic Standards

Students are expected to observe at all times the highest ethical standards as members of the academic community. Any form of dishonesty makes a student liable to severe sanctions, including expulsion from the College. For details, see the “Academic Standards” section of the College catalog or the Student Handbook.

Class Attendance Policy

- Please enter the classroom on time and do not leave before the lecture is over.
- Please either switch off your cellphone or put it in silent mode before you enter the class.
- Please refrain from engaging in conversation with your friends or reading magazines and any literature unrelated to the course during lectures.
- You may not use any electronic gadgets such as cellphone, iPads, tablets, and laptops during the lecture.

Tentative Course Schedule and Reading Assignments

You are required to read the assigned articles before the class. I will ask questions from the assigned readings and the students' responses will count towards their grade. Some of the articles presented in this syllabus are subject to change. During the course, I may assign additional articles from academic journals and/or popular press.

0. Introduction

- [September 1] Syllabus and Introduction.
- [September 1] Sykes, Alan O. 1991. "An Introduction to Regression Analysis". *Chicago Working Paper in Law and Economics*.

1. Poverty

Today, a projected 835.5 million people (11.5 percent of the world population) live on less than \$1.25 per day. In this section, we will learn how to measure poverty and will familiarize ourselves with the lives of the poor. We will explore how globalization and international trade affect poverty. Finally, we will explore the policies that can be adopted to eradicate poverty and evaluate which policies work and which don't.

1.1 Measuring Poverty

- [September 3] Chapter 1: Measuring Poverty.
- [September 8] Banerjee, A.V. and Duflo, E. (2007). "The Economic Lives of the Poor." *Journal of Economic Perspectives*, 21(1):141-167.

1.2 Globalization, Migration, and Poverty

- [September 10] Chapter 6: Globalization and All That.
- [September 15] Chapter 7: The Global Economy and the Poor.
- [September 15] Clemen, Michael and David McKenzie. 2009. "Think Again: Brain Drain". *Foreign Policy*, October 22.

1.3 Eradicating Poverty

- [September 17] Chapter 13: Redistribution toward Low Incomes in Richer Countries.
- [September 22] Chapter 15: Poverty Persistence and Design of Antipoverty Policies.
- [September 24] Banerjee, Abhijit V. 2006. "Making Aid Work". *Boston Review*. July 1.
- [September 24] Sachs, Jeffrey. 1999. "Helping the World's poorest". August 12.

2. Inequality

While a small degree of economic inequality is unavoidable, a severe inequality is undesirable. In this section, we'll learn how to measure inequality. Thereafter we look into the interaction between inequality and development.

- [September 29] Haughton and Khander (2009) "Measuring Inequality". *Handbook on Poverty and Inequality, Chapter 6*, The World Bank Institute.

- [October 1] Chapter 4: The Kuznets Curve: Yesterday and Tomorrow.
- [October 1] Tyson, Laura. 2014. “The Rising Costs of U.S. Income Inequality”. *Huffington Post*.

October 6 – Midterm Exam 1

3. Geography, Institutions, and Economic Development

Geography and institutions play important roles in economic development. This section explores the influence of geography and institutions on economic development.

- [October 8] Chapter 2: Understanding Prosperity and Poverty: Geography, Institutions, and the Reversal of Fortune.
- [October 13] Fall break. No Class.
- [October 15] Chapter 3: Colonialism, Inequality, and Long-Run Paths of Development.
- [October 20] Sachs, Jeffrey. 2000. “A new map of the World”. *Economist*, June 22.
- [October 20] Sachs, Jeffrey. 2007. “Breaking the poverty Trap”. *Scientific American*, 297.3: 40-42.

4. Corruption: A Barrier to Development

Corruption is an obstacle to economic development. What determines corruption? What are the consequences of corruption? How to fight corruption?

- [October 22] Chapter 11: Corruption and Development.
- [October 27] Fisman, Raymond and Edward Miguel. 2007. “Corruption, norms, and legal enforcement: Evidence from diplomatic parking tickets.” *Journal of Political Economy*, 115.6: 1020-1048.
- [October 29] Poverty Action Lab. 2011. “Exposing Corrupt Politicians”.
- [October 29] Jha, Chandan Kumar. 2014. “Can Social Media and Internet Help Reduce Corruption?” *Ideas for India*, Oct 11.

5. The Rise of New Powers

What are the economic implications of the rise of emerging powers – Brazil, Russia, India, and China (and South Africa and Mexico)?

- [November 3] Brookings Global Economy and Development. 2014. “Rise of New Powers”.
- [November 3] Narlikar, Amrita. 2013. “Negotiating the rise of new powers.” *International Affairs*, 89.3: 561-576.
- [November 5] Today’s lecture replaced with Len Burman’s talk to be held in Grewen Auditorium from 5–6:15PM. Questions from the talk will be on the test.

6. Gender-Gap

Gender-gap is a global concern. Women face discrimination in the access to education, health, and in the job market. More than one million females are killed every year before they are even born. We will primarily explore the factors responsible for the emergence of gender norms inimical to women and the effect of poverty on missing women.

- [November 10] Diamond, Jared. 1987. “The Worst Mistake in the History of the Human Race.” *Discover magazine*, May.
- [November 10] Sen, Amartya. 2007. “More Than 100 Million Women Are Missing.” *New York Review of Books* 4: 36.
- [November 12] Miguel, Edward. 2005. “Poverty and Witch Killing.” *Review of Economic Studies*, 72.4: 1153-1172.
- [November 17] Hazarika, Gautam, Chandan Kumar Jha, and Sudipta Sarangi. 2015. “The Role of Historical Resource Scarcity in Modern Gender Inequality.” *Today’s lecture will be replaced with my talk at the Social Science Seminar Series at 4PM, location to be announced.*

November 19 – Midterm Exam 2

7. Education, Health, and Development

We all know that human capital matters. In this section we explore how do education and health affect economic growth and development? What are the obstacles preventing the eradication of diseases in developing countries? Why prevents the poor from investing (enough) in education and health? What policies can be implemented to improve the status of health and education in these countries?

7.1 The Role of Education and Health in Economic Development

- [November 24] Hanushek, Eric and L. Woessman. 2010. “Education and Economic Growth.” *International Encyclopedia of Education*, volume 2, pp. 245-252. Oxford: Elsevier.
- [November 26] Thanksgiving break – No class.
- [December 1] Deaton, Angus. 2003. “Health, Inequality, and Economic Development.” *Journal of Economic Literature*, 41.1: 113-158.

7.2 Education and Health in Developing Countries

- [December 3] Chapter 20: Intellectual Property and Health in Developing Countries.
- [December 3] Gary Becker. 1999 ““Bribe” Third World Parents to Keep Their Kids in School”, *Business Week*, November 22.

December 8 – December 10: Presentations

December 14 – Final Exam – Monday, 9:00–11:30 AM