

Aashish Mehta

Tuesdays: 3-5:50 on Zoom

Office Hours: TBD, taking student schedules into account

**Global 236 – The Global Economy
Spring 2021**

Objectives: This is an economics course for a multidisciplinary audience. The study of global political-economy requires foundations in open-economy macroeconomics. It also requires a handle on long-running debates over economic policies governing production, trade, (public and private) finance, employment, distribution, price stabilization and environmental protection – in both high- and lower-income countries. The course aims to provide these macroeconomic foundations to non-economists¹, and also to survey these policy debates and their salience in various historical and contemporary contexts. We will examine how these policy choices have contributed to reshaping the global economic order. It is also hoped that a crash course in open-economy macro and related policies will be useful to graduate students interested in politics, sociology, geography, anthropology and history, who should be able to analyze the likely effects and distributional consequences of the actions and developments they wish to explain.

Approach: Each meeting we will cover several topics in macroeconomics or political-economy that must be understood together to consider answers to fundamental questions about the how the global economy works. You will study many of these economic concepts before class with the aid of readings, online videos and quizzes. Most importantly – you will have to complete the readings, videos and quizzes and upload comments and questions to a class forum by 7 pm every Monday. Class time will be spent on lecture - where needed to explain/summarize/clarify, and on discussion. Homework assignments will help to firm up the theory and build some skills.

A key device will be the use of accounting identities – atheoretical and inviolable relationships that constrain the outcomes possible in global and national economies. After making sure you understand these, we will review enough basic macro (and some micro-) economic theory to be able to understand, from different political perspectives, the likely effects of trade, fiscal, monetary, and exchange rate policies on elements of these identities. This will include some detours into “development economics” (which is what we call the study of economics as it affects 2/3 of the world’s people), and that will in turn mean thinking about industrial and certain types of agricultural policy. Thereafter we turn to questions involving the regulation of finance, and strategies for generating opportunities for people through work and education. Examining governments’ policy choices in each of these areas will help to better understand the political-economy forces that seem to drive them.

Final Assignment: The final assignment must be useful to you. Therefore, I will permit you to choose between three options: (1) Give the class a high-quality PowerPoint presentation that connects a country’s domestic politics analytically to its economic structure, its institutions, and its position in the global

¹ Alternative assignments and readings will be made available to students who find the economic content too familiar.

economy; (2) Do the same thing substantively, but in the form of an 8-10 page paper (1.5 spaced, include at least 12-15 references); or (3) Take an oral exam, which will consist of you studying some newspaper articles that I select, for around 90 minutes – open book, and then having a probing discussion with me about the political and economic considerations at play, how they fit together, intersect with course themes and so forth.² The first two options require you to spend time engaging with a country case-study; while the third will test your capacity to apply theory to make connections on the fly – and therefore demands that you study theory more diligently throughout the quarter. The first two therefore correspond to grading option A; and the third to grading option B – see below.

Materials: Expect 100 pages of reading per week from the course reader, in addition to problem sets earlier in the quarter, videos, online quizzes, and preparation of your country project. In addition, I expect you to keep abreast of major developments in the global economy by reading the Financial Times daily. Most readings for the class will be written by economists or political-economy scholars for non-economists. I can/will add economics journal articles for those students with the prior preparation to read them.

Learning outcomes: We will pursue learning outcomes involving knowledge and personal/professional growth. I hope that by the end of the course you will:

Knowledge:

1. Be familiar with standard macroeconomic concepts; and with key events and phenomena in post WW-II economic history.
2. Be able to work with standard short-run macroeconomic models to intuit the possible effects of shocks and policies under different assumptions. Through these models you should better understand how different assumptions and interests underpin diverse political views on economic management.
3. Better understand the connections between nations' economies, institutions, distributional features and politics.
4. Understand the difference between tautology and theory in political-economy and know how to use tautologies to structure your economic thinking.
5. Have a basic knowledge of competing explanations regarding sources of national prosperity.

Personal/Professional Growth

1. Undertake a critical assessment of your own positions on macroeconomic policy and politics.
2. Be more comfortable with equations, graphs and deductive logic.
3. Have greater interest and confidence reading the economic policy section of the newspaper (and connecting it to political developments).
4. Have confidence using economic data to tell an accurate political / policy story.

² This analysis might be useful for understanding the country/region in which you conduct your thesis/dissertation work.

Requirements:

Option A: Quizzes (10%), Homework (15%), Course Participation (35%), Final Project (40%).

Option B: Quizzes (15%), Homework (20%), Course participation (45%), Oral Exam (20%).

- Quizzes: Complete before class on the date due. Access will automatically turn off when class begins. Quizzes test you on material taught in the previous video. Videos and quizzes will permit us to “flip” the classroom, leaving time for politics once you have studied the economics, and to go deeper.
- Homework: Work on this in groups of 2-3 students (students with good reasons can work alone), and turn in group assignments. 5 assignments of differing length@ 6% each. Due in class on the date listed. One late assignment permitted, no questions asked.
- Course Participation: Reflects your engagement with the readings (including the Financial Times), reflected in pre-class online forums, and in-class discussion.
- Country Project (option 1 and 2): Pick a country. Study its political and economic circumstances. Follow political developments in (ideally two or more) national newspapers, read background reports, and study the country’s macroeconomic and trade accounts. I expect that you will understand the basic structure of its government (who governs, how they are selected, etc.), its geography (neighbors, ports, waterways, basic topography, important economic/political/cultural sites) and its basic history. Also keep abreast of political developments in the country. Completing the Country Facts assignments laid out in the “Country Report Checklist” will help to keep you on track and to cover the basics. Then, prepare a paper or a 15 minute presentation laying out how these things are connected. Your paper/presentation must have a thesis – a statement about the political economy of the country that can be checked – and must provide evidence supporting that thesis. It must use some of the theories and accounting identities we cover in the course, along with macroeconomic data (which you will put into charts and graphs as needed) to explain how the country is positioned in the global economy, and how this position influences and is influenced by domestic and international political forces. I strongly recommend you pick a country in Asia, as the data you need are already collected in one place – this will save you many hours of work. If you have an academic reason to study a non-Asian country, please talk to be me about it, and we’ll do a quick survey of the state of the data.

Grading of the country project will work as follows (numbers add up to 40):

- Country Facts assignments (12 points).
- Assessment of your familiarity with your country case study, and the depth of your analytical engagement with it (10 points). We will discuss your case study in detail outside class around Week 9.

- Final Paper/Presentation (18 points). Date **TBD**. Grade based on content (are your empirical and theoretical arguments convincing and internally consistent?), the appropriate use of charts and graphs, the professionalism of your slides and delivery, and/or the quality of your writing.