

# Global Growth and Local Discontent

**Course Number**

FINC-UB 9009

**Spring 2020****Syllabus last updated on:** 4 February 2020**Lecturer Contact Information**

Please feel free to contact me at any time, and I will get back to you promptly. I am delighted to answer questions and to help you think about topics for your final paper. **IMPORTANT:** When you email me, please use the subject line “**Global Growth**”. This will allow me to quickly distinguish your message from the abundance of emails I receive on a daily basis and to ensure that you get a timely response.

**Course Details**

Thursday 3:30pm to 6:15pm

Location: Rooms will be posted in Albert before your first class. Please double check whether your class takes place at the Academic Center (BLAC – Schönhauser Allee 36, 10435 Berlin) or at St. Agnes (SNTA – Alexandrinenstraße 118-121, 10969 Berlin).

**Prerequisites**

None

**Units earned**

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**Course Description**

The past three decades have brought unprecedented increases in global living standards. In the 1980s, countries then known as “Third World,” were mired in low growth, high debt, and runaway inflation, while the developed world seemed to hold the keys to prosperity. In a remarkable turnaround, a billion people have been lifted from poverty in those same countries—the now-much-heralded “Emerging Markets” that produce more than half of global goods and services and almost three quarters of global growth, even as leaders in the developed world assert that emerging economies’ success is responsible for income inequality and other economic ills in rich countries. Taking the historic fall of the Berlin wall in 1989 as a central catalyst of “globalization”, we will explore the power of economic reforms to unleash sustainable, inclusive, and positive-sum global growth.

### Course Objective

The objective of the course is to provide you with the context, language, and logic to understand and think critically about the events that triggered economic reforms in developing countries in Asia, Africa, Eastern Europe, and Latin America, unleashing the phenomenon now commonly referred to as “globalization” that has bound together the economic fortunes of developing and developed countries alike. If you do the readings and participate in class discussions, by the end of the course you will understand what economic growth is, why it matters, whether economic reforms and globalization have helped countries to grow faster, and who has won and who has lost in the process.

### Assessment Components

Your grade in the course will be determined by your class participation, as well as a final paper to be turned in to me (on 22 May) and presented in “rough draft/outline” form in class on 30 April. I will have much more to say in person about the paper, your presentations, and how they will be weighted in your final grade, but for now you can assume that your grade for the course will be determined in accordance with the following weights: **Rough draft presentation 20 percent; Final paper 40 percent; Class participation 40 percent.**

“Class participation” is comprised of three things:

First, your physical presence. We only have seven meetings for the semester. Barring serious illness or emergency, please come to class. On the first day, I will pair you with a classmate. This classmate will be your reading/study partner for the semester. This does not preclude you from studying and collaborating with others in the class, but you and your partner will be responsible for helping each other with the second component of class participation.

The second component of class participation, an extremely important one, is the joint contribution that you and your reading/study partner will make by helping each other absorb and analyze the assigned readings for the course. “Helping” each other means that before coming to class you will: (1) do the reading, (2) think about the reading and chat with your partner about it, and (3) jointly submit to me a brief list of questions that you have about the reading for the day (with the exception of the first class, during which our primary task will be to get to know each other and get a sense of the terrain for the semester).

You and your partner can email me as many questions as you like, but I ask that you send me at least five. Either partner may email me the questions, but you must copy your partner when you send them to me. Your email to me constitutes a joint (honor code) affirmation that both of you have seen the questions and that you have chatted about the material.

The questions you ask will vary greatly, but the goal of them all is simple: to help me help you learn. I want to know what parts of the reading you: (a) struggled with, for whatever reason, (b) would like to investigate further, and/or (c) find fault with, vehemently disagree with, etc. Your questions will therefore range from statements such as, “I did not understand X; can you please explain what X is?” to “I would like to understand more about the implications of Y for citizens in country Z; can we explore this further in class?”

Your grade on the questions component of class participation will depend on the timeliness and quality of your questions. An “on-time” submission of questions is one that arrives in my inbox *at least* 24 hours before class, so that I have time to think about them in advance of our time together. A “quality” question is one that helps us—you, your classmates, and me—learn. The questions you submit will signal where I need to devote more class time to explaining things that were unclear, or to eliciting different points of view. The questions will



guide class discussion toward a deeper dive on topics that are of particular interest to you. I will not attribute the questions to you in class, so you need not feel self-conscious about asking any question.

You can send your questions directly to me in the body of your email. You can type them up in a separate document and send them as an attachment. You can write them by hand, take a picture of them (or scan them) and email them to me. Just get them to me. I want you to spend your time thinking about the readings and the questions you have, not trying to format your questions, or worrying about sounding uninformed.

Furthermore, your responsiveness to any individual (vs. class announcement) emails that I send specifically asking for your reply also influences the questions-submission component of class participation. Please respond when I send you individual emails.

The third and final part of your overall class participation grade is the contribution that you make during in-class discussions. High quality in-class participation involves: active listening, asking questions, offering answers, different perspectives, constructive criticism, and being a good teammate who pushes our thinking and tries to help others learn. To set the stage, I will sometimes share my own questions about a reading (or other material) with you in advance of class. Such questions are intended to help you focus on what's significant about the material.

In sum then, class participation counts for 40% of your grade, and you can earn an "A" by consistently: showing up to class; sending to me, in a timely fashion, high-quality questions that will help you learn; responding to my individual emails; and actively participating in class discussions, enriching the learning experience for yourself and all of us together.

In a typical class session, we will meet for 75 minutes, take a 15-minute break, and then reconvene for another 75 minutes. That gives us 14, 75-minute slots for the semester. I provide below a tentative guide as to how we will use our time together.

### **Primary Course Materials**

Please note that many of the readings on which we will base class discussion are journal articles. The articles that are required for class discussion are labeled "**Required Reading(s)**". PDF files of all of these articles are posted (with permission) on the course website. I have also included on the reading list below articles labeled "**Research Reading(s)**". You are not required to read these articles before coming to class. The purpose of the **Research Reading(s)** is to provide you with exposure to additional readings that will be helpful for digging deeper in a given area, as you think about the topic on which you want to write your final paper. PDF files of the **Research Reading(s)** articles are also posted on the course website.

**Supplemental Text(s) (not required to purchase, available in NYU Berlin Library)** *Turnaround: Third World Lessons for First World Growth*. Basic Books (2013).

We will use the Public Broadcasting Service (PBS) series, "Commanding Heights: The Battle

for the World Economy” to provide historical backdrop. Prior to our class session on 6 February, please watch the first episode of the series: “The Battle of Ideas.”

**Session 1 – 6 Feb 2020.**

**Personal Introductions, Origins of “Globalization,” and Overview**

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**Video:** Commanding Heights Episode 1, “The Battle of Ideas”

**Required Reading(s):** Commanding Heights I Study Questions

*Turnaround:* Introduction, Chapter 1 “Miss Mama”

**Research Reading(s):** Sachs, Jeffrey and Andrew Warner. 1995. “Economic Reform and the Process of Global Integration” *Brookings Papers on Economic Activity* 1: 1-118 (You do not need to read the data appendix from pages 64-95.)

Zhu, Xiaodong. 2012. “Understanding China’s Growth: Past, Present, and Future.” *Journal of Economic Perspectives*, 26 (4): 103-24.

**PART I: EMERGING AND DEVELOPING ECONOMIES**

**Session 2 – 20 Feb 2020.**

**Inflation and Disinflation: Causes and Consequences**

**Video:** Commanding Heights, “The Agony of Reform.”

**Required Reading(s):** Commanding Heights II Study Questions

*Turnaround:* Chapter 2 “Policy Matters”, Chapter 3 “The Fight Revisited”, Chapter 4 “Paths (and Obstacles) to Prosperity

Krueger, Anne O. 1990. “Government Failures in Development.” *Journal of Economic Perspectives* 4 (3): 9–23.

**Research Reading(s):** Chari, Anusha and Peter Blair Henry. 2014. “Learning from The Doers: Developing Country Lessons for Advanced Economy Growth,” *American Economic Review*, 104 (5): 260-265.

Fraga, Arminio. 2004. “Latin America since the 1990s: Rising from the Sickbed?” *Journal of Economic Perspectives* 18 (2): 89–106.

Aliquo, Nancy. 1986. Treasury Secretary James Baker’s “Program for Sustained Growth” for the International Debt Crisis: Three Steps Toward Global Financial Security. **You need only read Appendix A (Baker’s actual speech, pages 306-315)**

Rodrik, Dani. 2006. “Goodbye Washington Consensus, Hello Washington Confusion? A Review of the World Bank’s Economic Growth in the 1990s: Learning from a Decade of

Reform” Learning from a Decade of Reform” *Journal of Economic Literature* 44(4): 973-987.

### **Session 3 – 5 March 2020. Free Trade: Winners and Losers**

**Required Reading(s):** *Turnaround*: Chapter 6 “The Terms of Trade”

Dornbusch, Rudiger. 1992. “The Case for Trade Liberalization in Developing Countries.” *Journal of Economic Perspectives* 6 (1): 69–85.

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**Research Reading(s):** Wacziarg, Romain and Karen Welch. 2008. “Trade Liberalization and Growth: New Evidence” *World Bank Economic Review* 22: 187-231

Pavcnik, Nina . 2017. “The Impact of Trade on Inequality in Developing Countries” *Proceedings of the Jackson Hole Economic Symposium*: 61-114

<https://www.kansascityfed.org/~media/files/publicat/sympos/2017/2017pavcnik.pdf?la=en>

### **Session 4 – 12 March 2020.**

#### **Open Financial Markets: Friend or Foe?**

**Video:** Commanding Heights, “The New Rules of the Game”

**Required Reading(s):** *Turnaround*: Chapter 7 “Capital and Capitols” and Chapter 8 “Crises and the Debt Distinction”

**Research Reading(s):** Rodrik, Dani. 1998. "Who Needs Capital-Account Convertibility?" in Stanley Fischer and others, Should the IMF Pursue Capital-Account Convertibility? Essays in International Finance No. 207, International Finance Section, Department of Economics, Princeton University.

Henry, Peter Blair. 2007. “Capital Account Liberalization: Theory, Evidence and Speculation” *Journal of Economic Literature*, 45 (4): 887-935.

## **PART II: ADVANCED ECONOMIES**

### **Session 5 – 2 April 2020.**

#### **Germany: Reunification and Rejuvenation?**

**Required Reading(s):** Dustmann, Christian, Bernd Fitzenberger, Uta Schönberg, and Alexandra Spitz-Oener. 2014. From Sick Man of Europe to Economic Superstar: Germany’s Resurgent Economy *Journal of Economic Perspectives*—Volume 28, Number 1—Winter 2014—Pages 167–188.

**Research Reading(s):** Burda, Michael C. and Jennifer Hunt. 2001. “From Reunification to Economic Integration: Productivity and the Labor Market in Eastern Germany” *Brookings Papers on Economic Activity*: 1-92 (skip the data appendix).

**Session 6 – 9 April 2020.**  
**Globalization and Rising Inequality in Advanced Economies**

**Required Reading(s):** Nolan, Brian and Luis Valenzuela. 2019. "Inequality and its discontents" *Oxford Review of Economic Policy*, 35 (3): 396-430.

**PART III: SYNTHESIS**

**Session 7 – 30 April 2020.** Student Presentations of Rough Drafts for Feedback (Final papers due on May 22)

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**Classroom Etiquette**

Phone and laptop use are permitted during class only for the purposes of classroom engagement. We will take a 15-minute break halfway through class.

**Suggested Co-Curricular Activities**

TBD

**Your Lecturer**

Peter Henry is WR Berkley Professor of Economics and Finance and Dean *Emeritus* at NYU's Stern School of Business. Before coming to Stern, he was the Konosuke Matsushita Professor of International Economics at Stanford University's Graduate School of Business. He has written numerous peer-reviewed articles on international economics and finance, as well as a book on global economic policy, *Turnaround: Third World Lessons for First World Growth*

(Basic Books). Born in Kingston, Jamaica, in 1969, Peter became a U.S. Citizen in 1986 and in 2016 he was honored as one of the Carnegie Foundation's Great Immigrants. He lives in New York and Dusseldorf with his wife and four sons.

Thank you for your interest in FINC UB 9009! I am excited at the prospect of being your lecturer for the semester and look forward to meeting you. If you sign up for my course you will receive an email from an educational learning platform company called Top Hat. It is not spam! The email will invite you to sign up for Top Hat. We will use Top Hat instead of NYU classes. I will post this syllabus there along with all of the readings for the class in the form of links and/or pdf files. I will also use it to post any slides that I use for the course.

**Academic Policies**

**Assessment Expectations**

**Grade A:** The student makes excellent use of empirical and theoretical material and offers well-structured arguments in their work. The student writes comprehensive essays / answers to exam questions and their work shows strong evidence of critical thought and extensive reading.

**Grade B:** The candidate shows a good understanding of the problem and has demonstrated the ability to formulate and execute a coherent research strategy.

**Grade C:** The work is acceptable and shows a basic grasp of the research problem. However, the work fails to organize findings coherently and is in need of improvement.

**Grade D:** The work passes because some relevant points are made. However, there may be a problem of poor definition, lack of critical awareness, poor research.

**Grade F:** The work shows that the research problem is not understood; there is little or no critical awareness and the research is clearly negligible.

## Grade Conversion

Your lecturer may use one of the following scales of numerical equivalents to letter grades:

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A = 94-100 or 4.0  
A- = 90-93 or 3.7  
B+ = 87-89 or 3.3  
B = 84-86 or 3.0  
B- = 80-83 or 2.7  
C+ = 77-79 or 2.3  
C = 74-76 or 2.0  
C- = 70-73 or 1.7  
D+ = 67-69 or 1.3  
D = 65-66 or 1.0  
F = below 65 or 0

## Attendance Policy

Participation in all classes is essential for your academic success, especially in courses that meet only once per week. Your attendance in both content and language courses is required and will be checked at each class meeting. As soon as it becomes clear that you cannot attend a class, you must inform your professor by e-mail immediately (i.e. before the start of your class). Absences are only excused if they are due to illness, Moses Center accommodations, religious observance or emergencies. Your professor or NYU Berlin's administration may ask you to present a doctor's note or an exceptional permission from NYU Berlin's Director or Wellness Counselor as proof. Emergencies or other exceptional circumstances must be presented to the Director. Doctor's notes need to be submitted to the Academics Office, who will inform your professors. Doctor's notes need to be from a local doctor and carry a signature and a stamp. If you want the reasons for your absence to be treated confidentially, please approach NYU Berlin's Director or Wellness Counselor.

Unexcused absences affect students' grades: In content courses each unexcused absence (equaling one week's worth of classes) leads to a deduction of 2% of the overall grade and may negatively affect your class participation grade. In German Language classes two or three (consecutive or non-consecutive) unexcused absences (equaling one week's worth of

classes) lead to a 2% deduction of the overall grade. Three unexcused absences in one content course and five unexcused absences in your German language course may lead to a Fail in that course. Being more than 15 minutes late counts as an unexcused absence. Furthermore, your professor is entitled to deduct points for frequent late arrival or late arrival back from in-class breaks. Please note that for classes involving a field trip, transportation difficulties are never grounds for an excused absence. It is the student's responsibility to arrive in time at the announced meeting point.

Exams, tests and quizzes, deadlines, and oral presentations that are missed due to illness always require a doctor's note as documentation. It is the student's responsibility to produce this doctor's note and submit it to the Academics Office; until this doctor's note is produced the missed assessment is graded with an F and no make-up assessment is scheduled. In content classes, an F in one assignment may lead to failure of the entire class.

Regardless of whether an absence is excused or not, it is the student's responsibility to catch up with the work that was missed.

### **Attendance Rules on Religious Holidays**

Members of any religious group may, without penalty, excuse themselves from classes when required in compliance with their religious obligations. Students who anticipate being absent

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due to religious observance should notify their lecturer AND NYU Berlin's Academics Office in writing via e-mail one week in advance. If examinations or assignment deadlines are scheduled on the day the student will be absent, the Academics Office will schedule a make-up examination or extend the deadline for assignments. Please note that an absence is only excused for the holiday but not for any days of travel that may come before and/or after the holiday. See also [University Calendar Policy on Religious Holidays](#)

### **Late Submission of Work**

- (1) Written work due in class must be submitted during the class time to the professor.
- (2) Late work should be submitted in person to the lecturer or to the Academics Office, who will write on the essay or other work the date and time of submission, in the presence of the student. Another member of the administrative staff may also personally accept the work and will write the date and time of submission on the work, as above.
- (3) Work submitted late receives a penalty of 2 points on the 100 point scale for each day it is late (excluding weekends and public or religious holidays), unless an extension has been approved (with a doctor's note or by approval of NYU Berlin's administration), in which case the 2 points per day deductions start counting from the day the extended deadline has passed.
- (4) Without an approved extension, written work submitted more than 5 days (excluding weekends and public or religious holidays) following the submission date receives an F.
- (5) End of semester essays must be submitted on time.
- (6) Students who are late for a written exam have no automatic right to take extra time or

to write the exam on another day.

- (7) Please remember that university computers do not keep your essays - you must save them elsewhere. Having lost parts of your essay on the university computer is no excuse for a late submission.

### **Provisions for Students with Disabilities**

Academic accommodations are available for students with documented disabilities. Please contact the Moses Center for Students with Disabilities at 212-998-4980 or see their [website](#) for further information.

### **Plagiarism Policy**

The presentation of another person's words, ideas, judgment, images or data as though they were your own, whether intentionally or unintentionally, constitutes an act of plagiarism. Proper referencing of your sources avoids plagiarism (see as one possible help the [NYU library guide](#) to referencing styles).

NYU Berlin takes plagiarism very seriously; penalties follow and may exceed those set out by your home school. Your lecturer may ask you to sign a declaration of authorship form.

Note that some assignments in the course may be checked for plagiarism by using TurnItIn or other another software designed to detect offences against academic integrity.

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It is also an offense to submit work for assignments from two different courses that is substantially the same (be it oral presentations or written work). If there is an overlap of the subject of your assignment with one that you produced for another course (either in the current or any previous semester), you MUST inform your professor.

For a summary please follow the link to [NYU Global's academic policies](#).

