

Global Economic Trends (ECON-UB.240)

Fall 2018

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Office Hours: By appointment

Class meets: Tu/Th 2:00-3:15, Tisch LC-21

Course Description

This course will give you the opportunity to familiarize yourself with some of the most important trends that will affect the global economy during your lifetime, understand their drivers, and come to appreciate the policy challenges that they entail. The list of topics can be found at the bottom of this document.

Pedagogical Model

We will follow the *flipped classroom* model, articulated in the following steps. For each trend under consideration,

- Prior to class, students will acquire factual information by accessing a variety of video, audio, and textual sources
- The professor will endow the students with an analytical toolkit, which they will use to understand the trend's positive and negative repercussions on various constituencies
- Students will be asked to use their newly-acquired factual information and analytical toolkit to comment intelligently on strategies put forward to address key challenges associated with the trend

Prerequisites

The class is going to be challenging and will require a substantial amount of work. Your proficiency will depend in part on your knowledge of elementary but important notions of economics, statistics, and mathematics.

Help

There may be times when you will need a little help. If this happens, I strongly encourage you to come to see me. If you email me, I'll try my best to get back to you by the end of the day.

Course Materials

The course materials consist of:

- Readings and Videos. I will ask you to watch videos as well as read texts drawn from blogs, general-interest publications, business press, and academic journals.
- Slides. I will distribute them on the day I show them in class. After that, they will be available for download from *NYU Classes*. Notice that, by definition, slides are not self-contained. I distribute them with the purpose of reducing the time devoted to note-taking.

Coursework and Evaluation

- *Quizzes*. These are very short assignments which you'll be able to complete on *NYU Classes*. The main purpose is to give you one more incentive to complete the readings ahead of class. The due dates are indicated in the calendar. Given the stated goal of these assignments, (i) you are not allowed to discuss your answers with your classmates and (ii) late submissions will not be accepted for any reason.
- *Participation*. You can contribute in a variety of ways, which include coming to class on time and prepared, asking and answering questions, and refraining from interfering with your classmates' learning.
- *Weekly Presentations*. Students will be asked to make several short presentations throughout the semester. Such presentations are central to our pedagogical model. In every instance, students will be partitioned in groups of size 2. The

composition will be determined randomly and will change weekly. While all groups will prepare and hand in their slides, only four will be asked to actually present.

- *Final Presentation.* In their final presentation, students will be asked to accomplish either one of the following objectives: (a) identify a business opportunity generated by one of the trends analyzed in class and develop a business plan to profit from it; (b) identify a policy challenge induced by one of the trends and introduce an innovative solution to tackle it.

Your grade for the course will depend on your participation and on the quality of your presentations, according to the following weighing scheme:

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|------------------------|-----|
| Quizzes (Best 9 of 12) | 10% |
| Participation | 20% |
| Weekly Presentations | 50% |
| Final Presentation | 20% |

Honor Code

At Stern we believe that honesty and integrity are necessary for a rewarding educational experience. These qualities form the basis for the strong trust among members of the community (students, faculty, and administrators) that is essential for educational excellence. The [Honor Code](#) requires each student to act with integrity in all academic activities and to hold his or her peers to the same standard.

We also hold ourselves to a high standard of professional behavior. Accordingly, lateness, using cell phones, holding private conversations, using your laptop for anything but note-taking, and indeed any behavior that disrupts me or your colleagues will be considered inappropriate. Repeated violations of this standard will affect your participation grade.

NYU Classes

By now you are probably familiar with NYU's course management software. During the term, you will be able to use it to view all classes (I will post links to the streaming videos), as well as download slides and readings.

Disability

If you have a qualified disability and will require academic accommodation during this course, please contact the [Moses Center](#) for Students with Disabilities (CSD, 998-4980) and provide me with a letter from them verifying your registration and outlining the accommodations they recommend.

Feedback

Your feedback is very important to me. Your comments, suggestions, and critiques, on every aspect of the class, are welcome at any time during the term. Please feel free to address them to me either in person or by email.

Topics

1. **Population Growth.** The world's population has reached the 7.5 billion mark.
 - (a) Is world population going to keep growing? At what rate?
 - (b) What are going to be the consequences of population growth for economic development and, more in general, people's well-being?
 - (c) Is the distribution of population across countries going to change in a dramatic fashion?
 - (d) If yes, what are going to be the economic consequences of such change?

2. **Aging.** The worldwide median age increased from 23 to 28 over the last sixty years or so. The same stat is currently as high as 45 in Japan and as low as 17 in Burkina Faso.
 - (a) Will population keep on aging?
 - (b) What are going to be the consequences of aging for labor productivity, economic development, and people's well-being?

3. **Migration.** The history of migration is the history of mankind, as humans never stopped moving in search for better opportunities. Yet, in modern societies migration is often a contentious issue.
 - (a) Are immigrants' wages lower than those of natives?
 - (b) Do immigrants' wages increase faster than those of natives?
 - (c) How do second-generation immigrants fare?
 - (d) What's the impact of immigration on the salary and employment of natives?
 - (e) Are immigrants more likely than natives to be on welfare?

4. **Economic Inequality.** Economic inequality measured by the within-country differences in income and wealth has increased remarkably in most developed countries.
 - (a) What are the main determinants of the recent trends in inequality? International trade? Technological change? Policy?
 - (b) What is the effect of inequality on economic growth, if any?
 - (c) What are the likely effects of the policies that are deemed to reduce inequality according to their proponents?

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5. **Technological Progress.** Food regimen and life expectancy in the early 18th century were not very different from those experienced two thousand years earlier. On the other hand, thanks to unprecedented technological progress, today a sizeable portion of world population enjoys a life style that is way better than anything experienced by even the most affluent inhabitants of Imperial England.
- (a) Is technological progress beneficial to everyone?
 - (b) Does technological progress destroy jobs?
 - (c) Did technological progress slow down in recent years? Will it eventually stop?
6. **Globalization.** Globalization is a catch-all term used to define the increase in cross-country flows of information, people, financial resources, goods, and services. We are now a couple of decades into the second large globalization wave, the first being the one that started in early 20th century and came to an end with World War II.
- (a) Does globalization benefit all countries?
 - (b) Within every country, does globalization benefit everyone?
 - (c) Is globalization going to continue in the near future?
7. **Education.** Excellence in human capital is key in developing and retaining comparative advantage in the production of the most advanced products and services. It follows that in recent years media and policy-makers have dramatically increased their attention towards the education sector.
- (a) What is the role of education in economic development?
 - (b) Different countries follow rather different educational models. Are some better than others? Why?
 - (c) What are the pros and cons of the various school reform proposals considered in the public debate?
8. **Urbanization.** Fact: People are moving to cities, everywhere. They must have good reasons for doing that. Yet, urbanization raises a number of challenges for modern societies.
- (a) What are the key drivers of urbanization?
 - (b) How does urbanization affect economic growth?
9. **Congestion.** “Too many” people wishing to use a finite resource – a bridge, for example, or a tunnel – results in rationing. That is, somebody will be allowed to use the resource only with delay. We say that that resource suffers from congestion.

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- (a) What are the actual costs deriving from the congestion of finite resources?
 - (b) What are the pros and cons of policies designed to reduce congestion, such as *congestion pricing*?
10. **Housing.** The relative cost of housing has risen at spectacular rates in most large cities worldwide.
- (a) What are the main determinants of the variation of housing prices across locations?
 - (b) What are the pros and cons of housing public policies such as (i) zoning, (ii) rent control, (iii) incentives to home-ownership, (iv) public housing, and (v) rent vouchers ?
11. **Depletion of Natural Resources.** Over the last two hundred years, economic development has led to an unprecedented use of natural resources, a good part of which are not renewable.
- (a) Are there sensible ways to compute the economic value of environmental damage?
 - (b) What is the likely impact of continued environmental damage on economic growth?
 - (c) What are the merits of policies designed to efficiently allocate depletable resources, such as (i) pigouvian taxes, (ii) the trade of pollution rights (cap and trade), and (iii) the subsidization of “*buy local goods*” programs?
12. **Climate Change.** Most scientists agree that the climate is changing. In particular, average temperatures are rising worldwide.
- (a) What are going to be the likely consequences of climate change on economic growth?
 - (b) What are the efficient policy responses to climate change?