

ECON-A4000 - Economics of Global Challenges

Spring 2025

(this version: Feb 5, 2025)

Meeting times: Mondays and Tuesdays (Feb 24 - April 1) at 14-16

Location: Ekonominaukio 1 (T004 Mo, V002 Tue)

Instructors: [Albert Duodu](#) (@aalto.fi)

Teaching assistant: Max Toikka (@aalto.fi)

Course Description: The course covers a selection of important societal challenges such as the causes and consequences of economic inequality, economics of an aging population, economic effects of immigration, climate change, trade wars, and political economy of polarization. After this course, the student will be able to identify and analyze ethical, social, environmental, and international issues in the field of economics.

Prerequisite(s): 31A00110 Taloustieteen perusteet or ECON-A2100 Principles of Economics I and ECON-A2200 Principles of Economics II or equivalent studies.

Textbook for course: The Economy (1.0) by the Core Team, electronically available at [link](#)

Additional material: lecture notes, readings for the lectures, supporting material cited in the lecture notes

Grade structure: (i) Course project (40%), (ii) exam (25%) (iii) reading assignments (20%), (iv) problem sets (15%), (v) class contribution bonus (10%). See the directions for the course project [here](#).

Lectures: Lectures will be in the class-room.

Course policies:

- **Course Project (40 points):** Individually written **4-6 pages report** on a topic linked to the course material (both substantially and methodically). Ideally, the report is a policy proposal that helps decision makers. It can range from a specific

policy in one country or location to a wide-ranging global policy challenges encompassing many countries and regions. The project should be clearly structured, have an economic evaluation, and a clear discussion of the arguments in favor and against its implementation. Your arguments can be based on relevant data and theory. Thus, the project allows you to choose different approaches for analysis: some might want to do quantitative work building on data while others could prefer using models from the class or perhaps using more descriptive analysis. In general, it helps to be specific.

- **Written Exams (25 points):** The course includes a written exam, which will test knowledge and problem-solving skills based on the problem sets and lecture material.
- **Reading assignments (20 points):** 4 readings in total, relating to the lecture topics. Two alternative methods for submitting:
 - Read the readings and write a short analysis, following the detailed directions given for each reading. You should write your reflections on the material rather than review it. Submission online.
 - Come to the classroom and prepare to discuss the items detailed in the directions for the reading (see RA=“reading assignment” in the lecture schedule below). In this version, there is no submission of a written text but we’ll have classroom assignments.
- **Problem sets (15 Points):** There will be three problem sets, each worth 5 points. Teaching assistants will provide guidance before and after deadlines, depending on survey feedback. Assignments must be submitted online, with deadlines outlined in the course schedule. The exam will be based directly on the problem sets, so collaboration is encouraged while preparing solutions. However, the exam itself will be conducted in a traditional in-class format.
- **Class contribution (Bonus Multiplier):** Active class participation can enhance your final score by a factor of **1.1**. Contributions include presenting reading assignments, engaging in discussions, or taking quizzes on assigned material. Excellent class contributors demonstrate consistent, thoughtful participation, analytical insight, and the ability to integrate ideas from discussions into a deeper understanding of course topics.

Course structure:

- Economics of the environment and climate change
 - trends in resource use and limits to growth
 - the grand externality problem: climate change
 - climate policy instruments
 - climate negotiations
- Inequality and justice
 - inequality: trends, types, evaluations, explanations
 - justice: evaluations of fairness, policies
 - reading on justice
- Technology and innovation
 - market failures and solutions
 - new technologies and markets
 - guest on privacy
 - reading on digital platforms
- Global economy
 - historical epochs (also population and demographics)
 - globalization: goods, capital, people
 - global trade fundamentals
 - reading on financial crisis*
 - guest on migration
- Politics and public policy
 - trends: political institutions, government, special interests
 - political competition and policies

Course schedule:

The outline is tentative and dates may not exactly correspond as the semester progresses.

Date	Location	Day	Topic	Readings	Lecturer
Feb 24	T004	Mo	Environment lecture	A	AD
Feb 25	V002	Tue	Climate change lecture	A	AD
Mar 3	T004	Mo	Climate change negotiations: –	A	AD
Mar 4	V002	Tue	Justice lecture and reading	C	AD
Mar 7	U7 PWC	Fri	Session Problem set I	B	MT
Mar 10	T004	Mo	Inequality lecture	C	AD
Mar 11	V002	Tue	Inequality lecture and reading	C	AD
Mar 17	T004	Mo	Technology lecture	E	AD
Mar 18	V002	Tue	Technology reading and guest* – Livo	E	AD
Mar 21	U7 PWC	Fri	Session Problem set II	D	MT
Mar 24	T004	Mo	Politics and public policy lecture	D	AD
Mar 25	V002	Tue	Global economy lecture	G	AD
Mar 31	T004	Mo	Global economy reading and guest* – Matti	G	AD
April 1	V002	Tue	Climate change negotiations: guest* – Outi	A	AD
Apr 4	U7 PWC	Fri	Session Problem set III	H	MT
Apr 11	U2	Thu	Exam on the problems	B	AD
Apr 18			Course project submission		

Reading list (*Note: some items may be updated as the course progresses*):

A Environment and climate change

- Unit 20 in COREecon
- "Do not ask for morality", by John Broome in *The Ethical Underpinnings of Climate Economics*, edited by Adrian Walsh, et al., Routledge, 2016.

B Problem set I

- questions to appear on the webpage

C Inequality

- Unit 19 in COREecon
- Article 1: Inequality in the long run, Piketty and Saez.
- Article 2: Skills, education, and the rise of earnings inequality among the "other 99 percent", Autor

D Problem set II

- questions to appear on the webpage

E Technology

- Unit 21 in COREecon
- Stigler Committee on Digital Platforms: Policy Brief by Luigi Zingales and Filippo Maria Lancieri

F Global Economy

- Unit 17-18 in COREecon
- Economics and Emigration: Trillion-Dollar Bills on the Sidewalk? Micheal A. Clemens, *Journal of Economic perspectives*, 2011

G Politics

- Unit 17-18 in COREecon

H Problem set III

- questions to appear on the webpage