

UNIVERSIDAD PABLO DE OLAVIDE
Centro de Estudios para Extranjeros

ECON 331: The Global Economy

This course is taught in English.
Pre-requisite: Previous course in Economics

3 semester credits (45 contact hours)

Professors: Jorge Manuel López Alvarez
Jan Spielvogel
Course designed by Jonathan Pass
E-mails: jmlopalv@upo.es
januncar@hotmail.com

COURSE OUTLINE:

The aim of this course is to introduce the students to the main debates surrounding the nature, effects and attempted management of the *Global Economy*: identifying its most important post-war structural developments (e.g. formation and collapse of Bretton Woods, evolution of capital flows) and examining contemporary challenges to its well-being (e.g. economic instability, uneven development and environment crises etc).

The course questions the view that economic globalization is an apolitical 'technical' process of resource allocation guided by a 'hidden hand'. Instead it considers the globalization process as implicitly *political*; set within a particular historical, ideological and social context, and both influenced by, and having an influence on, key powerful actors; notably nation-states, international organizations and transnational corporations. Clearly not all states are the same; neither in their national economic model, nor in the influence yielded in the global economy. Accordingly, the course does analyze the different capitalist systems in the US, Japan and Germany (and by extension the regional trading blocks surrounding them) in order to gain a better understanding of the dynamics of the global *political* economy. On the other hand, as 'globalists' counter, it is undeniable that economic globalization has dramatically undermined nation-states' ability to control their domestic economy or insulate it from international competition. Nowhere is that more apparent than with respect to international financial flows. The size, mobility and influence of transnational corporations, likewise attracts attention by both supporters and detractors.

Globalization has brought rewards but it has also posed challenges. Environmental damage is arguably at the top of that list. In an increasingly competitive world based on consumption, can the market alone be relied upon to rectify the situation? As the on-going process of economic integration clashes with political identities (e.g. nationality, culture and class), and problems arise (e.g. mass immigration, inequality and terrorism) the issue of 'global governance' is a constant theme within the discipline of International Political Economy (IPE). This course is no exception.

MATERIAL

Core Texts:

- Stubbs, R & Underhill, R.D.(eds): *Political Economy and the Changing Global Order*. Oxford University Press, Ontario, Canada, 2006
- Gilpin, R: *Global Political Economy: Understanding the International Economic Order* Princeton University Press, Princeton, 2001

- *Annex*: A specially designed booklet containing a collection of press articles relevant to course (Economist, Financial Times, New York Times, Time etc)

Other Texts:

- Baylis, J; & Smith, S.: *The Globalisation of World Politics*. OUP, Oxford 2005.
- Rugman, A: *The End of Globalization*. Random House, London, 2000
- Stiglitz, J, E: *Globalization and its Discontents*, Norton, New York, 2002
- Stiglitz, J, E: *Making Globalization Work, The next steps to global justice*, Penguin Books, London, 2007

GRADING

This course will have two exams. The student's final grade will also include a mandatory oral presentations/paper addressing relevant EU topics and debates. Throughout the term students will be required to complete various reading/written assignments (article summaries etc) outside class and to actively participate in class discussions/debates etc all of which will be reflected in their final 'participation' grade.

- Midterm Exam 30%
- Final Exam 30%
- Presentations 20%
- Participation 20%

Exam dates will not be changed under any circumstances. Attendance is mandatory.

Unexcused absences will result in the lowering of the final grade. Students with two or more such absences may not challenge the final grade received.

PROGRAMME SUMMARY

The order in which these topics are covered may vary somewhat.

1. Introduction: What is Globalization?

2. Evolution of the Global Economy - historical overview of the different stages in the process economic globalization from the 16th Century to the present day

3. Classical/Neoclassical Trade Theory - Adam Smith & the creation of 'economics'; free trade theory (e.g. *laissez-faire*; CA, Heckscher-Ohlin (H-O), equilibrium, rational choice etc); protectionism (how/why nations choose to restrict trade)

4. New Trade Theory: i) Global Reality - imperfect markets (oligopolies, imperfect information, government intervention), importance of technology, H-O revisited, trade patterns, uneven development; history; ii) New Economic Theories (e.g. strategic trade theory)

5. The Trading System I: Post-War System - post-war international economic situation; establishing the General Agreement on Tariffs and Trade (GATT), GATT's basic principles (e.g. multilateralism, MFN); development of GATT; UNCTAD; negotiating the Uruguay Round

6. The Trading System I: The World Trade Organization (WTO) - the functioning of the WTO (scope, powers, structure, dispute settlements, objectives); neo-liberalism; broadening trade agenda; Intellectual Property; TRIPS; GATS; Health & Safety Issues; Doha Round

7. Environment & the Global Economy - problems; liberal environmentalism; tragedy of the commons; environmental governance (e.g. UN agreements; Kyoto Protocol; public-private initiatives; market-based solutions); WTO cases; 'corporate greening'; sustainable development

8. Global Finance & Macroeconomic Governance I: Bretton Woods System - how it worked; adjustment/liquidity/confidence; role of the International Monetary Fund (IMF); US hegemony; *trilemma*; floating *versus* fixed exchange rates; reasons for Bretton Woods collapse

9. Global Finance & Macroeconomic Governance II: Present System - explaining the explosion of international finance; nature/behaviour/regulation (?) of foreign portfolio investment; financial crises (e.g. East Asia); role of IMF (e.g. 'moral hazard'); G7/Central Bank Macromanagement;

dollarization; dollar-overhang

10. National Systems of Political Economy - contrasting the respective attributes of different models of capitalism: i) US *market-oriented* capitalism; ii) Japanese *developmental* capitalism; and iii) German *social market* capitalism. Systemic convergence?

11. Other economies –

- Transition economies: reviewing the many restructuring difficulties faced by excommand economies in moving to a market economy, and analyzing how their integration into the global economy has affected international trade. Special focus on Russia and China.

- Emerging Asia and Latin America: the role of capital flows.

12. Multinational Corporations I: Theory - what is a Corporation and how does it behave? nature, size and significance of multinational corporations (MNCs) today; MNCs' post-war expansion; 4 perspectives on MNCs (mainstream economists, business economists, radicals & and state centrics); how 'international/national' are MNCs?

13. Multinational Corporations II: Critique - Case studies - effect on: wealth creation/disparity growth, consumer welfare, environment, democratic accountability, culture, technology transfer

WEBS

- www.economist.com - analytical articles on world economic/political affairs
- www.europa.eu.int - EU official web-page (history, policies, legislation, stats etc)
- www.eurunion.org - EU guide for Americans
- www.ft.com - EU & World news, economy, country profiles, corporate activities, shares
- www.ictsd.org – International Centre for Trade and Sustainable Development
- www.imf.org - International Monetary Fund
- www.nologo.org – No Logo, anti-corporate stance
- www.nytimes.com - World news, critical editorials
- www.unctad.org . United Nations Conference on Trade and Development
- www.worldbank.org/ - World Bank
- www.wto.org/ - World Trade Organization