

## ECON 331Ea Global Economy

### **Course objectives:**

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, setting up of the WTO, increase in regional integration and emergence of China) and examining contemporary challenges to its well-being (e.g. financial instability, trade tensions, global imbalances, rising inequality, environment crises etc).

### **Course description:**

We begin the course on a theoretical level, comparing and contrasting the different macro/microeconomic perspectives forwarded by the classical political economists, neo-classical economists and new political economist, respectively.

Next we turn to the Global trading regime which is divided in two parts: the first part is dedicated to studying its evolution from GATT to the WTO, identifying its principal structural changes and broadening agenda; the second part tackles three concrete issues within global trade: the rise of regionalism; the plight of less developed countries; and the various debates surrounding intellectual property.

The issue of the environment is then addressed in Section 4. Here the principal focus will be on the issue of 'global governance' and ultimately to weighing up the claim of the various public/private sector initiatives to both protect (and actually improve) the environment and guarantee the necessary growth within a competitive global economy.

The following two sections tackle the international monetary and financial system. Section 5 begins by studying the structure, functioning and demise of the Bretton Woods system, considered vital for any understanding of the contemporary 'unregulated' international monetary system and the connected debates international fora, most notably the in G20 meetings and BRIC summits. Special attention is paid to the eurozone, dollarization and US-Chinese financial and monetary relations. Section 6, on the other hand, focuses on the causes and effects of the 'explosion' of global finance from the 1970s onwards, analyzing recent financial crises pondering the question as to whether finance has an innate tendency towards crisis or not.

The final part of the course is dedicated to China. After briefly establishing an historical framework, Section 6 examines the key stages of China's on-going economic transition, the nature of its integration into the global economy and how the later has been affected (and not least its relations with the US). Nonetheless, China faces serious economic and political challenges, at both the domestic and international level. Beijing announced important reforms in November 2013 to try and resolve some of these problems. Will they be successful?

## **Course Outline**

### **1. THEORETICAL DEBATES**

**1 – Presentation of course; the Adam System**

*Class hand-outs*

**2 – The Adam Smith System II**

*Class hand-outs*

**3 – Adam Smith III; Classical Political Economy**

*Class hand-outs*

*Pipex pp.3-12*

**4 – Neo-Classical Economy**

*Class hand-outs*

*Pipex pp.3-12*

**5 – New Political Economy**

*Class hand-outs*

*Pipex pp.3-12*

**6 – QUIZ + Free Trade Debate – preparation**

*Pipex pp.3-12*

### **2. GLOBAL TRADE REGIME I - EVOLUTION**

**7 – Free Trade Debate; Setting up of GATT**

*Pipex pp.3-12*

*Pipex pp.33-38*

**8 – Functioning of GATT; Uruguay Round**

*Pipex pp.33-44*

**9 – Structure & functioning of WTO**

*Pipex pp.44-43*

**10 – NO CLASS**

**11 – Critiquing the WTO; the Doha Round and beyond**

*Pipex pp.44-50*

### **3. GLOBAL TRADE REGIME II – ISSUES**

**12 – Regionalism: why permitted; types; pros/cons**

*Pipex pp.52-55*

**13 – Less developed countries: challenges faced; food crisis**

*Pipex pp.56-68*

**14 – Intellectual property rights: pros/cons; medicine; GMOs**

*Pipex pp.68-98*

**15 – MIDTERM EXAM**

#### **4. THE ENVIRONMENT**

##### **16 – Environmental challenges; sustainable development**

*Class hand-outs*

*Pipex pp.108-119*

##### **17 – Environmental governance: from Stockholm to Kyoto**

*Class hand-outs*

*Pipex pp.101-107*

##### **18 – Pros/cons of emissions trading schemes; Renewable energy**

*Class hand-outs*

#### **5. INTERNATIONAL MONETARY SYSTEM**

##### **19 –The Bretton Woods System**

*Class hand-outs*

*Pipex pp.124-127*

##### **20 – Collapse of Bretton Woods; causes & effects**

*Pipex pp.128-132*

##### **21 –Contemporary monetary system: debates & challenges**

*Pipex pp.132-136*

##### **22 – EASTER (NO CLASSES)**

##### **23 – US-China monetary/financial relations**

*Pipex pp.137-145*

#### **6. GLOBAL FINANCE & CRISES**

##### **24 – Explosion of global finance from 1970s onwards & effects**

*Class hand-outs*

##### **25 – Financial crises: case studies; theoretical views**

*Class hand-outs*

##### **26 – The financial crisis of 2008: causes, effects, regulation debates**

*Pipex pp.149-166*

##### **27 – FERIA (NO CLASSES)**

#### **7. CHINA**

##### **28 – Economic transition; integration into/effect on global economy**

*Class hand-outs*

*Pipex pp.169-197*

##### **29 – Internal/external economic/political challenges; 2013 reforms**

*Class hand-outs*

*Pipex pp.198-204*

##### **30 - FINALS**

**N.B.** The syllabus may be subject to change

### **Prerequisites**

A previous economics course is recommended, though not obligatory.

### **Methodology**

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, geographical, 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 a (hierarchically-structured) global economy. On the other hand, it is undeniable that globalization has, if not undermined nation-states' ability to control their domestic economy, then at restricted the policy choices available to them. Nowhere is that more apparent than with respect to international financial flows underscored by the present credit crunch.

As the uneven process of market expansionism seeks to overcome structural limitations and political opposition, debates arise regarding the optimum form of 'global governance' – a key theme both within the discipline of International Political Economy, and central to this course. Such debates cannot take place in the abstract but must reflect real on-going processes in the global economy, hence the widespread use of contemporary press and journal articles (and case studies included therein).

### **Required Text: Pipex course pack Econ 331E**

*The Pipex course pack is available from the 'copistería' and contains excerpts from the following:*

- Jacques, M.: *When China Rules the World*; The Penguin Press, London 2009
- Ravenhil, J (ed): *Global Political Economy*, 2<sup>nd</sup> Edition, OUP, Oxford, 2008
- Stubbs, R & Underhill, R.D.(eds): *Political Economy and the Changing Global Order*. OUP, Ontario, Canada, 2006
- Gilpin, R: *Global Political Economy: Understanding the International Economic Order*, Princeton University Press, Princeton, 2001
- Baylis, J, Smith, S, & Owens P.: *The Globalization of World Politics*, OUP, Oxford, 2011
- Press articles from: *Economist*, *Financial Times*, *New York Times*, the *Guardian*

Some webs you may useful:

- [www.economist.com](http://www.economist.com) - analytical articles on world economic/political affairs
- [www.china.org.cn/](http://www.china.org.cn/) - news and articles on China and official government policies/stats
- [www.europa.eu.int](http://www.europa.eu.int) - EU official web-page (history, policies, legislation, stats etc)
- [www.eurunion.org](http://www.eurunion.org) - EU guide for Americans
- [www.ft.com](http://www.ft.com) – Financial Times, international news, economy, corporate activities, shares
- [www.greenpeace.org/international/](http://www.greenpeace.org/international/) - Environment
- [www.guardian.co.uk](http://www.guardian.co.uk) - UK daily, broad range of national/international news articles
- [www.ictsd.org](http://www.ictsd.org) - International Centre for Trade and Sustainable Development

- [www.imf.org](http://www.imf.org) - International Monetary Fund
- [www.nytimes.com](http://www.nytimes.com) - World news, critical editorials
- [www.unctad.org](http://www.unctad.org) - United Nations Conference on Trade and Development
- [www.worldbank.org/](http://www.worldbank.org/) - World Bank
- [www.wto.org/](http://www.wto.org/) - World Trade Organization

### **Course Requirements and Grading**

Assessment for the course consists of one short quiz and two exams (all written) and an oral presentation (in pairs/small groups) on an assigned relevant topic. With regards the oral presentation, on the day of their presentations each students have to hand the following document for their section: an outline, a bibliography and a half page summary (TMR 12, single space). Students will be graded individually

Finally, students will be required to complete assigned readings/summarize articles etc outside class and to actively participate in class discussions, which will be reflected in their 'participation' grade. (N.B.: 'being there' does not = 'participation').

The distribution of the final grade is the following:

Quiz	10%	Midterm Exam	25%
Presentation	15%	Final Exam (TBA)	30%
Participation	20%		

The dates for the quiz, exams and presentation will not be changed under any circumstances.

Spanish grades run: 10-9.0 (A), 8.9-7.0 (B), 6.9-5.0 (C), 4.9-0 (F)

### **Attendance, Punctuality and General Course Policies**

Attendance is mandatory. If there is justifiable excuse for missing class, some form of documentation (e.g. doctor's note) must be provided to the proper authorities. Any student missing class must catch up on the lost notes from fellow students.

More than 3 unexcused absences will result in the lowering of the grade. Students with more than 2 such absences may not challenge the final grade received.

Punctuality is required. If a student arrives more 15 minutes late it will constitute a 0.5 absence. However no student will be permitted entrance more than 25 minutes after the beginning of the class and hence will be marked absent.

Please keep your cell phones turned off during class.

Strictly no food to be consumed in class.

### **Academic Dishonesty**

Academic integrity is a guiding principle for all academic activity at Pablo de Olavide University. Cheating on exams and plagiarism (which includes copying from the internet) are clear violations of academic honesty. A student is guilty of plagiarism when he or she presents another person's intellectual property as his or her own. The penalty for

plagiarism and cheating is a failing grade for the assignment/exam and a failing grade for the course. Avoid plagiarism by citing sources properly (using footnotes or endnotes and a bibliography).

### **Students with Disabilities**

If you have a disability that requires special academic accommodation, please speak to your professor within the first three (3) weeks of the semester in order to discuss any adjustments. It is the student's responsibility to provide the International Center with documentation confirming the disability and the accommodations required (if you have provided this to your study abroad organization, they have most likely informed the International Center already but please confirm).

### **Behavior Policy**

Students are expected to show integrity and act in a professional and respectful manner at all times. A student's attitude in class may influence his/her participation grade. The professor has a right to ask a student to leave the classroom if the student is unruly or appears intoxicated. If a student is asked to leave the classroom, that day will count as an absence regardless of how long the student has been in class.

### **Calendar**

Quiz: February  
Midterm Exam: March  
Presentation: TBA  
Final Exam: May

### **Holidays**

Easter  
Feria