



EC0132
Trends of the
Global Economy



UNIVERSIDAD
NEBRIJA

CENTRO de ESTUDIOS
HISPÁNICOS

Trends of the Global Economy

Hours: 45

Prerequisites: none

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Office hours: to be communicated the first day of class

1. Course Description

This course aims to analyze the major traits that characterize the global economic landscape and the international competitiveness of countries, as well as their likely evolution. We shall study globalization and its effects on the growth prospects of emerging economies; also, we will tackle the likely evolution of the population of the world as well as the evolution of the inequality between countries and their citizens within each. We will also study the energy and environmental threads faced by the world at large. Within the context set up by these basic trends, we can analyze the interaction between countries and the role of the existing International Economic Institutions, as well as properly put into perspective the prospects of the global financial system. Thus, we will discuss the major themes that will shape the business and social environment in which the future graduates will develop their professional careers.

We will begin by discussing the very meaning of “globalization”, its origins and the implications of the processes that are in action for and against its development. We will discover that globalization is a structural trait of the economic landscape that impinges on almost any economic dynamics we could think of. However, globalization is now in danger, its expansion delayed by strong forces at work in many regions and countries. Brexit is a clear warning about what is to come.

The first knot of trends that we will study, is the one that follows from the interrelations between demographic change, the production and distribution of food, the growing scarcity of fresh water available and the energy demands that stem from those factors. Once we introduce into the picture the reality of climate change, we end up with a potentially destructive circle of problems that some view as very capable of bringing about a collapse of the global economy.

To face that thread, the world would need a degree of commonality of purpose and the institutions capable of defining goals and set up the measures to bring them about, that simply is not present nowadays. There is a clear deficit of global governance, a new trend of the global economy, which seems difficult to close until the world reaches a new equilibrium between its emerging and existing powers.

The question is that there seems to be competing two models of socioeconomic organization, which we will call post-crisis capitalism and state capitalism whose interactions and future evolution will be decisive to the issue of the global governance of the future world. In other words, we are in the middle of a transition period, one in which we still act under the structures and ways of the past, facing a world that is changing with unbelievable speed.

It is very likely that the issue of maintaining a consistent path of growth for the economies involved will prove crucial to the nature and character of the new power equilibrium that has to come. Thus, next we will devote our attention to the issue of growth and its determinants. As we will see, the shape of institutions capable of adapting to the changing evolution of markets is crucial. In the process, we will discuss the new theories that present a future of low growth as the new normal for developed economies.

Finally, we will come to the last trend under discussion. This one is truly global, affecting most of the economies of the world. It has the potential to derail all efforts devoted to establishing and developing a framework of growth in which all nations share and from which all benefit. We refer to inequality, the fact that incomes and wealth are distributed more and more unequally among the citizens of almost all the economies, no matter their model of socioeconomic organization. This, all pervasive trend of growing inequality has a destructive capacity that we shall consider as well as the measures that could be taken to stop its growing momentum.

2. Learning Objectives

- Problem-solving ability
- Ability to analyze and synthesize
- Skill to seek and analyze information obtained from diverse sources
- Ability to transmit the knowledge acquired
- Ethical attitude
- Team-working ability
- Ability to work under pressure
- Striving for quality
- Ability to adapt to new situations
- Ability to apply knowledge to real-life contexts
- Skill to collect information and use it for research
- Skill in project design and management
- Knowledge and correct use of basic economic language
- Ability to apply theoretical knowledge to real-life problems
- Ability to interpret case studies based on the models studied
- Ability to present the state of the art in relation to a particular economic problem, as well as to decide the appropriate econometric tools to apply to its solution
- Ability to develop concrete views to help the decision making process, based on the geography of the problem considered and the global consideration of the issues involved.
- More integrated and comprehensive thinking and problem solving
- Better decision making
- Faster than competitors to adapt to new realities and trends

3. Specific Skills

These skills are degree-specific, according to the Official Report of each degree.

We list them here according to the numeration received in their respective Reports:

- Business Administration (ADE): CE 20, 22 and 38
- Tourism: CE 8, 11, 20 and 21
- International Relations: CE 4, 8 and 10.

Results:

- More integrated and comprehensive thinking and problem solving
- Better decision making
- Faster than competitors to adapt to new realities and trends

4. Methodology

The course syllabus follows the Communicative Approach methods, based on the core principles of procedure conception and constructive acquisition of knowledge. The methodology is based on the teaching-learning procedures, focused on the learner, which encourages active participation and results in the development of general and specific competencies that provide knowledge, capacities and attitudes for their future professional careers.

5. Contents

The contents of this course are detailed in the table at the end of this document.

6. Evaluation

The form of assessment is based on the core principles of the educational assessment, i.e., an active and participative teaching-learning process focused on the learner. The instructor uses numerous and differentiated forms of assessment to calculate the final grade received for this course. For the record, these are listed below. The content, criteria and specific requirements for each assessment category will be explained in greater detail in class.

6.1. Grading system

In the Spanish educational system, it is required to quantitatively express the result of each student's evaluation. In order to do so, Nebrija faculty uses different strategies and instruments such as: papers, exams, tests, projects, self-evaluation activities, etc. In order to issue a final grade for the Spanish Plus programs the following scale is established:

- 33 % Attendance and active participation in class
- 33% Daily work
- 34% Exams/papers/projects

Therefore, the final grade is the average between attendance and participation, daily work and exams, presentations, projects and essays.

Active participation in class is evaluated by means of different activities such as:

- Activities and exercises correction;
- Reflection upon the different contents in the course
- Oral activities (individual, in pairs or in groups). Fluency, correction, adequacy and relevance are taken into account.
- Daily work makes reference to any activity or task that is done inside or outside of the classroom, whether during the class time or at any other time.
- Exams/papers/projects

The course includes a midterm and a final written exam on theoretical concepts and course facts. Also, two projects will be elaborated, both including an oral presentation in front of the class. If a student, unjustifiably, does not do or submit an exam, paper or project, it will be graded with a '0'.

6.2. Attendance, participation and grading policies

6.2.1. Attendance policy

Attendance is mandatory. In case of missing 5 or more sessions in one course, the student will receive a zero in his/her participation and attendance grade. In addition, not attending classes will not excuse the student from handing in in any homework, papers or essays previously assigned.

The following situations must be considered:

- Each session of class will count as an absence.
- Two delays of more than 15 minutes will be considered an absence. The entrance to class will not be allowed after 30 minutes once it has started.
- There are no excused absences. E.g.: Not attending class because of sickness will count as an absence. The student is responsible for catching up with any homework done while absent.
- Exams dates have been officially approved by the University, therefore, they will not be changed.*

*Except for those courses where the professor will set up specific dates and inform the students at the beginning of the program.

6.2.2. Criteria to evaluate participation

Criteria to evaluate participation	Grade
The student participates very actively in the class activities. S/he successfully does the requested tasks. S/he contributes to a good development of the course, encourages his/her classmates and favor debate in class.	8.5 - 10
The student participates actively in the class activities. S/he does the requested tasks and submits them on time. Shows great interest to learn.	7 - 8.4
The student, occasionally, makes interesting remarks, but s/he basically answers when s/he is asked. S/he does not show a clear interest in the course. Misses classes occasionally.	5 - 6.9
The student does not participate unless s/he is asked. S/he has unjustified absences and delays. His/her attitude is not very participative.	0 - 4.9

6.2.3. Criteria to evaluate Daily Work

Criteria to evaluate Daily Work	Grade
The student always does all the work demanded by the professor, not only during the class but also at home. He/she always or almost always meets the deadlines established.	8.5 - 10
The student almost always does all the work demanded by the professor, not only during the class but also at home. Occasionally, he/she submits work after the established deadline.	7 - 8.4
The student occasionally does the work demanded by the professor, not only during the class but also at home. He/she does not normally meet the established deadlines and even occasionally does not submit the work.	5 - 6.9
The student never or almost never does the work demanded by the professor. He/she never or almost never meets the established deadlines.	0 - 4.9

6.2.4. Grading criteria

Number Grade	Letter Grade	Percentage
10	A+	100%
9.5 – 9.9	A	95 – 99 %
9 – 9.4	B	90 – 94 %
8.5 – 8.9	B+	85 – 89 %
7.5 – 8.4	B	75 – 84 %
7 – 7.4	B-	70 – 74 %
6.5 – 6.9	C+	65 – 69 %
6 – 6.4	C	60 – 64 %
5 – 5.9	C-	5 – 59 %
0 – 4.9	F	0 – 49 %

6.3. Warning on plagiarism

When writing a University paper or essay and reference is made to certain authors, it is mandatory to cite them by means of a footnote or a direct reference. In no case it is acceptable that a student uses a text, no matter how brief it is, written by somebody else without putting it in inverted commas, as this means s/he is trying to make it look as his/her own. This is called plagiarism and in a university context it could be penalized with expulsion.

7. Bibliography

1. Introduction. What this course is about

- Kunzig, R. (2013). Population 7 Billion. National Geographic Society. Washington.

2. The international economy and its globalization

- Wolff, M. (2014). Shaping Globalization. Finance & Development, an IMF publication, September.

3. What Means Brexit?

- Turner, A. (2016). The Brexit Alarm. Project Syndicate, July.

- Sachs, J. (2016). The Meaning of Brexit. Project Syndicate, June.

4. Demographic change

- 2014 World Population Data Sheet (2015). Population Reference Bureau, Washington.

5. Water and Food

- Rutkowski, R. (2015). The Economics of H2O: Water Price Reforms in China. blogs.piee.com/china

6. Energy

- BP (2016). BP Energy Outlook 2035, Global Insights. London.

7. Climate Change

- Nordhaus, W.D (2015). A New Solution: The Climate Club. The New York Review of Books, June.

8. Global Governance. Geopolitical Power Shifts

- Patrick, S. (2015). Multilateralism à la Carte: The New World of Global Governance. Valdai Papers #22, July.

9. Post-Crisis Capitalism and State Capitalism. Two Models of Socio-Political Organization

- Ferguson, N. (2012). We're All State Capitalists Now. Foreign Policy, February 2012. Washington.

- Krugman, P. (2009). How Did Economist Get It So Wrong?. The New York Times, Magazine September.

10. Why Nations Grow?

- Spence, M. (2011). The Next Convergence, Chapter 5. "Economic Growth". Picador, New York.

11. The Limits of Growth

- Summers, L. (2016). The Age of Secular Stagnation: What It Is and What to Do About It. Foreign Affairs, 2016.

12. Why Nations Fail?

- Diamond, J (2012). What Makes Countries Rich or Poor?. The New York Review of Books, June, 7.

- Acemoglu, D. and Robinson, J., reply by Diamond, J. (2012). Why Nations Fail. The New York Review of Books, August, 16.

13. The many faces of inequality. Global Inequality

- Angus Deaton (2003). What Does the Empirical Evidence Tells Us About the Injustice of Health Inequalities?, in Inequalities in Health, Edit. By Nir Eyal, Sarmia Hurst, Ole F. Nordheim and Daniel Wikler.

14. The many faces of inequality. Income Inequality

- Krugman, P. (2014). Why We're in a New Gilded Age. The New York Review of Books, May issue. New York.

8. Lecturer Brief CV

After graduating in Economics at the Complutense University in Madrid, Prof. Carlos Cuervo-Arango proceeded to obtain his PhD in Economics from the University of Minnesota (USA) and later a Doctorate degree in Business from the Complutense University. Prof. Cuervo-Arango has been teacher in the Foundations of Economics' Department of the Complutense University (Madrid); Advisor to the Bank of Spain and member of the research team that started the Fundación de Estudios de Economía Aplicada

(FEDEA) in Madrid. Prof. Cuervo-Arango has had a long professional career that took him to the Banesto Bank, as General Manager, CEO of Benito & Monjardín, SVB, a securities house, and CEO of Espirito Santo Investment and Banco Finantia, both investment banks. Prof. Cuervo-Arango has published two books on economics, “El Sistema Financiero Español” (with Mr. J.A. Trujillo) and “Introducción a la Economía” (with Mr. J.A. Trujillo) as well as various papers on macroeconomics, financial policy, the financial system and banking and financial regulation.

9. Office Hours

Tutorial schedule will be confirmed in the first couple of sessions, to guarantee that the time schedule suits the needs of students and instructor. However, it is always advisable to make an appointment with the lecturer beforehand in order to ensure availability.

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10. Course Content

SESSIONS	TOPIC	READINGS
Session 1	What is this course about?	Kunzig, R. (2013). Population 7 Billion. National Geographic Society. Washington
Session 2	The international economy and its globalization	Wolff, M. (2014). Shaping Globalization. Finance & Development, an IMF publication, September.
Session 3	Discussion on globalization	
Session 4	What means Brexit?	
Session 5	Discussion on Brexit	
Session 6	Demographic change	2014 World Population Data Sheet (2015). Population Reference Bureau, Washington
Session 7	Discussion on demographic change using the 2014 population data as a guide	
Session 8	Water and food	Rutkowski, R. (2015). The Economics of H2O: Water Price Reforms in China blogs.piee.com/china
Session 9	Discussion on water and food	
Session 10	Energy. Supply and demand factors.	BP (2015).BP Energy Outlook 2035, Global Insights. London
Session 11	Discussion on energy using BP Energy Outlook 2015 as a guide	
Session 12	Climate change	Read Nordhaus, W.D (2015). A New Solution: The Climate Club. The New York Review of Books, June, 4.
Session 13	Discussion on climate change	
Session 14	Global governance. Geopolitical power shifts	
Session 15	Discussion on global governance	
Session 16	Midterm Exam	
Session 17	Post-crisis capitalism and State capitalism. Two models of socio-political organization	Krugman, P. (2009). How Did Economist Get It So Wrong?. The New York Times, Magazine Septiembre, 6.

		Ferguson, N. (2012). We're All State Capitalists Now. Foreign Policy, February 2012. Washington
Session 18	Discussion on post-crisis capitalism and State capitalism	
Session 19	Why nations grow?	Spence, M. (2011). The Next Convergence, Chapter 5. "Economic Growth". Picador, New York.
Session 20	Discussion on why Nations grow	
Session 21	The limits of growth	
Session 22	Discussion on the limits of growth	
Session 23	Why nations fail?	Diamond, J (2012). What Makes Countries Rich or Poor?. The New York Review of Books, June, 7. Acemoglu, D. and Robinson, J., reply by Diamond, J. (2012). Why Nations Fail. The New York Review of Books, August, 16.
Session 24	Discussion on why nations fail	
Session 25	Global inequality	
Session 26	The many faces of inequality. Income inequality	Hellebrandt, T. and Mauro, P. (2015). The future of Worldwide Income Distribution. Peterson Institute for International Economics, 6 Working Paper Series, WP 15-7.
Session 27	Discussion on inequality	
Session 28	Final Exam	