

## ECON 331Ea Global Economy

### **Jonathan Pass**

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**Office Hours:** Wednesday 09:30-10:30

### **Course Information**

Spring 2020

Monday & Wednesday

10:30 till 11:50

### **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, on-going globalization, setting up of the WTO, increase in regional integration, emergence of China etc.) 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, broadening agenda and contested nature. 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 protection.

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 evaluating the effectiveness of public/private sector initiatives to both protect (and actually improve) the environment (e.g. renewal energy, emissions trading schemes) while at the same time guaranteeing the economic 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/on-going financial crises, and assessing the need for (and possible nature of) stricter regulatory measures, both at the national and international level.

The final part of the course is dedicated to China. After briefly establishing an historical framework, Section 7 examines the key stages of China's on-going economic transition, its integration into, and effects on, the global economy (and not least how it affects Sino-American relations). Nonetheless, as is becoming obvious, China faces serious economic, political, social and environmental. Beijing announced important reforms in November 2013 to try and resolve some of these problems. How successful have they been and what effects will there be for the global economy?

**Course Outline** (*The syllabus may be subject to change*)

## **1. THEORETICAL DEBATES**

**29<sup>th</sup> January – Presentation of course; the Adam Smith System I**  
Class hand-outs

**3<sup>rd</sup> February – The Adam Smith System II**  
Class hand-outs

**5<sup>th</sup> February – Adam Smith III; Classical Political Economy**  
Class hand-outs  
Pipex pp.5-11

**10<sup>th</sup> February – Neo-Classical Economy**  
Class hand-outs  
Pipex pp.5-11

**12<sup>th</sup> February – New Political Economy; Debate – preparation**  
Class hand-outs  
Pipex pp.5-14

**17<sup>th</sup> February – QUIZ; Debate**  
Pipex pp.15-27

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

**19<sup>th</sup> February – General Agreement on Tariffs & Trade (GATT)**  
Pipex pp.31-39

**24<sup>th</sup> February – World Trade Organization (WTO)**  
Pipex pp.39-42

**26<sup>th</sup> February – Critiquing the WTO; the Doha Round and beyond**  
Pipex pp.42-45

**2<sup>nd</sup> March – No Class (Puente)**

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

**4<sup>th</sup> March – Regionalism: why permitted; types; pros/cons**  
Pipex pp.50-52

**9<sup>th</sup> March – Less developed countries: challenges faced; food crisis**  
Pipex pp.53-65

**11<sup>th</sup> March – Intellectual property rights: pros/cons**  
Pipex pp.66-82

**16<sup>th</sup> March – MIDTERM EXAM**

## **4. THE ENVIRONMENT**

**18<sup>th</sup> March – The Environment I: global governance**  
Class hand-outs  
Pipex pp.86-99

**23<sup>rd</sup> March – The Environment II: challenges**  
Class hand-outs  
Pipex pp.100-109

**25<sup>th</sup> March – Emissions trading schemes; Renewable energy**

Class hand-outs  
Pipex pp.110-115

## **5. INTERNATIONAL MONETARY SYSTEM**

**30<sup>th</sup> March – The Bretton Woods System**

Class hand-outs  
Pipex pp.119-125

**1<sup>st</sup> April – Collapse of Bretton Woods**

Pipex pp.124-126

**6<sup>th</sup>/8<sup>th</sup> April – NO CLASS (Semana Santa)**

**13<sup>th</sup> April – Post-Bretton Woods monetary system; the eurozone**

Pipex pp.126-131

**15<sup>th</sup> April – US-China monetary/financial relations**

Pipex pp.133-140

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

**20<sup>th</sup> April – The Globalization of Financial Markets**

Pipex pp.123-126

**22<sup>nd</sup> April – Financial crises: case studies; theoretical views**

Class hand-outs

**27<sup>th</sup>/29<sup>th</sup> April – NO CLASS (Feria)**

**4<sup>th</sup> May – The 2008 financial crisis: causes, effects & regulation**

Pipex pp.143-160

## **7. CHINA**

**6<sup>th</sup> May – Transition; integration into/effect on global economy**

Class hand-outs  
Pipex pp.163-192

**11<sup>th</sup> May – Challenges facing Chinese society**

Class hand-outs  
Pipex pp.192-208

**13<sup>th</sup> May – 2013 reforms and beyond**

Class hand-outs  
Pipex pp.192-208

**18<sup>th</sup>- 21<sup>st</sup> May – FINALS**

**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 least 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**

Available from the 'copistería'.

Some webs you may find useful:

- [www.economist.com](http://www.economist.com) - analytical articles on world economic/political affairs
- [www.europa.eu.int](http://www.europa.eu.int) - EU official web-page (history, policies, legislation, stats etc.)
- [www.imf.org](http://www.imf.org) - International Monetary Fund
- [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 presentation* each student has to hand in the following *printed* documents 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 at all classes. As we understand that you might fall ill or be unable to come to class (e.g. due to a religious holiday, a flight delay, a family wedding/reunion, a graduation, a job interview, etc.) at some point during the semester, you are allowed up to 4 absences. You will be responsible for the material covered and any work missed. You will not need to justify your absences (up to 4) in any way unless you miss an exam, a presentation, a quiz, etc. In this case, you must present a doctor's note (signed, stamped and dated) to be able to reschedule the exam, etc. It will still count as an absence but you will be allowed to retake the exam, etc. We don't encourage you to use all 4 days unless you really need them as your participation grade may suffer if you are not in class. If used unwisely and you get sick late in the semester, the following penalties will apply:

- On your 5th absence, 1 point will be taken off of your final Spanish grade
- On your 6th absence, 3 points will be taken off of your final Spanish grade
- On your 7th absence, 5 points will be taken off of your final Spanish grade

For classes that meet once a week, each absence counts as two. For classes that meet daily, the penalties outlined above apply if you go over 6 absences (7<sup>th</sup> absence=5th absence above). Exams missed due to an excused absence must be made up within a week of returning to classes. Talk to your professor immediately after your return.

\* 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.

\* Leaving the classroom: Leaving the classroom on repeated occasions is disturbing to both your professor and your classmates and may adversely affect your participation grade. Please make use of the 10-minute breaks in between classes to fill up your water bottle, use the restroom, etc.

\* Communicating with instructor: Please allow at least 48 hours for your instructor to respond to your emails. The weekend is not included in this timeframe. If you have an urgent request or question for your professor, be sure to send it during the week.

\* Please keep your cell phones turned off during class.

\* Strictly no food to be consumed in class.

### **Academic Honesty**

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 and a bibliography, and not cutting and pasting information from various websites when writing assignments.

### **Learning Accommodations**

If you require special accommodations, you must stop by the International Center to speak to Carmen G. Hernández (the Faculty coordinator: [cgheroje@acu.upo.es](mailto:cgheroje@acu.upo.es)) to either turn in your documentation or to confirm that our office has received it. The deadline is February 21st. Carmen will explain the options available to you.

### **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. Cell phone use is not allowed and animals (except seeing-eye dogs) are not permitted in the classrooms.

### **Calendar**

- Quiz: February 19<sup>th</sup>
- Midterm Exam: March 16<sup>th</sup>
- Presentation: TBA
- Final Exam: between 18<sup>th</sup>- 21<sup>st</sup> May

### **Holidays**

- Thursday, February 27: "Puente." No classes will be held.
- Friday, February 28: Día de Andalucía.
- Monday, March 2: "Puente." No classes will be held.
- Sunday, April 5 - Sunday, April 12: Semana Santa (Holy Week).
- Friday, May 1: Labor Day.
- Saturday, April 26 - Sunday, May 2: Feria de Abril (Seville's April Fair).