

## GLOBAL ECONOMICS

<b>Course code</b>	<i>ECO104</i>
<b>Course title</b>	<i>Global Economics</i>
<b>Type of course</b>	<i>Compulsory</i>
<b>Study level</b>	<i>1<sup>st</sup></i>
<b>Department</b>	<i>Bachelor Studies</i>
<b>Year of study</b>	<i>3<sup>rd</sup></i>
<b>Semester</b>	<i>Fall</i>
<b>Credits</b>	<i>6 ECTS: 24 hrs. lectures, 24 hrs. practice, 112 hours of self-study, 2 hours of consultations</i>
<b>Lecturers</b>	<i>Assoc. Prof. Dr. Maik Huettinger; Dr. Aras Zirgulis</i>
<b>Study form</b>	<i>Full-time</i>
<b>Courses to have prior this course</b>	<i>N.N.</i>
<b>Course language</b>	<i>English</i>

### ANNOTATION

This course is an introduction into the contemporary debate on the changing patterns of global economy and challenges the world is facing. The course deals with three major aspects of the global economy, firstly the trans-national economic flows, such as trade in goods and services, migration, financial transactions and investment. The problems are discussed before the background of international micro- and macro-economy. The aspects covered are balance of payments dynamics, exchange rate regimes, national income accounting, terms of trade, etc. Secondly the course deals with the downsides of economic globalization such as the underlying reasons for crises and their effects on the economy, poverty and environmental degradation. Thirdly the course looks at the actors in the global economy: international organizations, national governments, non-governmental organizations, multinational corporations and regional integration initiatives. Hereby the motives, interest and interaction of the actors is scrutinized and furthermore the development of the global economic governance system is discussed.

### AIMS OF THE COURSE

The *Global Economics* course aims to equip students with necessary analytical tools for analyzing and critically assessing the current dynamics of global economy and challenges the nation states face in their pursuit of economic welfare. In particular, this course aims to:

<b>Subject learning outcomes (SLO)</b>	<b>Study methods</b>	<b>Assessment methods</b>
SLO1. Distinguish various conceptualizations and theories of the (economic) globalization phenomenon	Lectures, seminars, individual study, self-study in groups	Midterm test, coursework/presentation
SLO2. Analyze global trade and finance governance structures and assess their policies and role in a global economy	Lectures, seminars, solving exercises, self-study	Midterm test, final exam
SLO3. Examine strategies and techniques of trans-national corporations in a global economy	Lectures, seminars, solving exercises, self-study	Midterm test, final exam
SLO4. Determine the key issues and future challenges for the globalized world economy of the 21st century.	Lectures, seminars, solving exercises, self-study	Midterm test, coursework/presentation, final exam
SLO5. Identify causes and consequences of change in international labor, trade and financial flows;	Lectures, seminars, solving exercises, self-study	Midterm test, final exam
SLO6. Recognize the underpinnings of the global financial system	Lectures, seminars, solving exercises, self-study	Midterm test, final exam
SLO7. Debate the causes and policy actions surrounding economic crises.	Lectures, seminars, solving exercises, self-study	Midterm test, coursework/presentation, final exam

### LEARNING METHODS

The course is entirely taught in English and designed to achieve its aims through a combination of lectures and interactive seminars, including oral group presentations and data analysis. Seminars and lectures are designed to encourage active participation, co-operative and creative work, interactive communication and critical thinking.

Lecture	TOPIC	IN-CLASS HOURS		READINGS (only book chapters listed**)
		Lecture	Seminar	
Session 1 MH	<b>Introductory Course</b> (Module aims, structure, requirements, assessment criteria, reading list, Introduction to International Economics)	2		**
Session 2 MH	<b>The Shifting Contours and Drivers of the Global Economy I</b> Questioning "Globalization", the changing global economic map, developments of the geo-economy,	2	2	Dicken, Chapter 1-3, (only selected materials*); **
Session 3 AZ	<b>International Trade I</b> The Heckscher-Ohlin and related models of trade	2	2	Krugman & Obstfeld Chapter 5
Session 4 MH	<b>The Shifting Contours and Drivers of the Global Economy II</b> The role of states in a globalized world, patterns of state behavior	2	2	Dicken, Chapter 5, 6, (only selected materials*); **
Session 5 AZ	<b>International Trade II</b> Overview of global trade due to economies of scale and imperfect global competition.	2	2	Krugman & Obstfeld, Chapters 7,8
	<b>Mid-term</b> Mid term exam & Exam review		2	
Session 6 AZ	<b>Balance of Payments</b> Current account balance & foreign debt; change of financial flows; global imbalances and crisis.	2	2	Krugman & Obstfeld Chapter 13
Session 7 MH	<b>Winners and Losers of a Global Economy</b> Globalization failures, anti-globalization campaigns & solutions, World inequality and poverty: definitions, current figures & trends	2	2	Dicken, Chapter 10, (only selected materials*); **
Session 8 AZ	<b>Foreign Direct Investment and Factor Movements</b> FDI flow and trends, barriers to FDI, up- and downsides of delocalization and outsourcing, international tax competition and FDI.	2	2	Krugman & Obstfeld, Chapter 8
Session 9 MH	<b>The Global Clothing Industry</b> Changing patterns in the clothing and the food sector, regulation vs. liberalization, corporate strategies in production	2	2	Dicken, Chapter 14; **
Session 10 AZ	<b>International Monetary System and Policy</b> History of the International Monetary System and the different policy options open to governments.	2	2	Krugman & Obstfeld, Chapter 19
Session 11 MH	<b>The Automobile Industry</b> Changing patterns in the car sector, regionalization of production networks	2	2	Dicken, Chapter 15; **
Session 12 AZ	<b>The Rise of Emerging Markets &amp; Financial Crisis</b> Issues facing emerging markets and how the rise of these markets has affected the rest of the world; Global financial capital market, regional emerging markets crises, global financial and economic crisis	2	2	Krugman & Obstfeld, Chapter 20,22
	<b>Total hours (for each group)</b>	<b>24</b>	<b>24</b>	

\* Means that only material/parts of the chapter, which was covered during, lectures is relevant for the exam

\*\* Relevant articles and papers will be uploaded and provided via e-learning.

## COURSE REQUIREMENTS

1. The **final exam** will account for **45%** of the final grade. The final exam will include topics **after session 5**. All the materials that were covered during the lectures and seminars are relevant for the mid-term exam (including the articles presented by students).

2. The **mid-term test (30%)** will include the topics **before session 6**. All the materials that were covered during the lectures and seminars are relevant for the mid-term exam (including the articles presented by students).

3. **Seminar grade (25%).** Students will be asked to present a selected paper. The paper will be chosen and provided by the instructors – minimum 5 days in advance. The presentations will take place during the seminars. Students will be assessed according to various criteria that will be presented at the first lecture. Details about the grading and the presentation scope will be presented on the first day of the lectures. **Students who are active during class discussions may receive bonus points for the presentation. The grades of the presentation will therefore be announced at the end of the course (together with the final exam grade).**

TYPE	TOTAL HOURS	EVALUATION, %
Seminar grade	30	25
Mid-term test	32	30
Final exam	50	45
<b>Total:</b>	<b>112</b>	<b>100</b>

#### REMARKS

- A. Students will be informed in advance, which cases have to be read (prepared) for the following case-study discussions. Students will have minimum 5 days time to prepare. **Reading the case studies for the class discussion is obligatory.** The lecturer will ensure that the students have access to all case studies. Attendance and participation in the lectures and seminars is obligatory. **Students missing more than three sessions, will lose their seminar grade.**
- B. If final (cumulative) mark of the course, including final exam score, is insufficient, students will be allowed to exercise their **right of retake.** The retake exam will cover all lectures and case-discussion topics discussed in class during the course. It will be held during the last week of the exam session and **will replace the 75% of exams (mid-term and final).** Acquired scores from all assignments will be summed up and the final (cumulative) grade will be given. The lecturer reserves the right to choose the form of the exam (multiple choice/ open answer questions/ essay).
- C. Specific rules apply in the case of in-class presentations.
- In case of serious reasons, students may be allowed to switch with another student. Students are responsible for making the changes themselves and inform the lecturer in advance.
  - Students now showing up for the presentation will get a 0 (zero) for this interim assignment.

#### LITERATURE

##### Obligatory readings:

- Krugman, P. R.; Obstfeld, M. and Melitz, M. International Economics. Theory and Policy. – 10<sup>th</sup> ed. -, Pearson Addison Wesley. (ISM-Vilnius library)
- Dicken, P. Global Shift. Transforming the World Economy. – 7th ed. -, SAGE Publications Ltd, 2015. (ISM-Vilnius library)

##### Optional readings:

- Winters, L. A. and Yusuf, S. (eds.) Dancing with Giants, The World Bank, 2007. (ISM intranet)
- World Trade Report 2009, World Trade Organization, 2008 (ISM intranet)
- Rivoli, P., The Travels of a T-Shirt in the Global Economy, Wiley & Sons, 2005
- Stiglitz, J. E. Globalization and Its Discontents. Penguin books, 2002 (ISM-Vilnius library; the assigned chapters in ISM intranet)
- Additional obligatory articles will be announced and be available during the course

**NB. Due to the dynamic nature of the content of the course additional material can be assigned during the course. Slide handouts and readings will be prepared for each class and available for download.** The slides are the intellectual property of teaching instructor and students may not distribute or duplicate these notes without written consent.