

## GLOBAL ECONOMICS

<b>Course code</b>	<i>ECO104</i>
<b>Course title</b>	<i>Global Economics</i>
<b>Type of course</b>	<i>Main</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; Assoc. Prof. Dr. Aras Zirculis</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 the global economy and the challenges the world is facing. The course deals with three major aspects of the global economy: firstly, trans-national economic flows, such as trade in goods and services, migration, financial transactions and investment. The problems are discussed in the context of micro/macroeconomics. 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 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 (lecturer)	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 Global Economics).	2		**
Session 2 (MH)	<b>The Shifting Contours and Drivers of the Global Economy I</b> Defining the waves of globalization; the impact of distance on economic development; the relevance of the core-periphery model.	2	2	Dicken, Chapter 1-3, (only selected materials*); **
Session 3 (MH)	<b>The Shifting Contours and Drivers of the Global Economy II</b> Spatial agglomeration; types of regional economic integration; states as regulations, competitors and collaborators; main trade blocks and agreements (TTIP, TPP, NAFTA, ASEAN); path of industrialization of countries	2	2	Dicken, Chapter 5, 6, (only selected materials*); **
Session 4 (AZ)	<b>International Trade I</b> The Heckscher-Ohlin and related models of trade,	2	2	Krugman & Obstfeld Chapter 5
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
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
(MH & AZ)	<b>Mid-term</b> Mid-term exam & review.		2	
Session 7 (MH)	<b>Winners and Losers of a Global Economy</b> The role of geography in economics; globalization and inequality; global distribution and the impact on wages; the impact of remittances on the economic development of countries; financial flows to developing countries.	2	2	Dicken, Chapter 10, (only selected materials*); **
Session 8 (AZ)	<b>Foreign Direct Investment</b> FDI flows and trends, barriers to FDI. Productivity spillovers and FDI.	2	2	Krugman & Obstfeld, Chapter 8
Session 9 (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 10 (MH)	<b>Sectors of the Global Economy: Textile and Apparel Industry</b> The global trade network in clothing; country capabilities in the industry; wages and the impact on the global value chain; the impact of the MFA on the textile industry.	2	2	Dicken, Chapter 14 **
Session 11 (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
Session 12 (MH)	<b>Sectors of the Global Economy: Automotive Industry</b> Web of relationships in the global automobile industry; production, trade and consumption patterns; the role of the state in the automotive industry; the changing structure of the global value chain.	2	2	Dicken, Chapter 15 **
	<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 are 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 **40%** of the final grade. The final exam will include topics **after 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).
2. The **mid-term test (40%)** will include the topics **before session 7**. 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 (20%)**. Students will be asked to present a selected article, which will be provided by the instructors (always 5 working days in advance). Details about the grading and the presentation scope will be presented on the first day of the lectures.

TYPE	TOTAL HOURS	EVALUATION, %
Seminar grade	22	20
Mid-term test	45	40
Final exam	45	40
<b>Total:</b>	<b>112</b>	<b>100</b>

## REMARKS

- A. The instructors reserve the right to choose the **form of the exam** (multiple choice/ open answer questions/ essay).
- B. For each seminar, **a paper will have to be read by students in advance**. (papers will be uploaded 5 working days in advance.)
- C. **Attendance and participation** in the lectures and seminars is not obligatory, however strongly recommended. Studying solely from slides/ course book is not considered to be a sufficient preparation for the exam.
- D. 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 80% 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).
- E. **Bonus points**. The instructors have the right to award very active students with up to 0,2 extra (grade) points. These "bonus points" will be only be awarded to students whose (rounded) final grade would increase after all.
- F. Specific rules apply for **in-class presentations**.
  - a. Presentations can neither be re-scheduled nor be retaken. Students failing to sign up for a presentation or failing to show up for the presentation, may be allowed to submit an individual written paper on a given topic at the end of the semester. (minimum 1000 -1200 words/ proper APA standards/ specific rules apply).
  - b. In case of serious reasons, individual students may be allowed to switch with another student. Students are responsible for arranging the changes and must inform the lecturer MINIMUM 1 week in advance.
  - c. Within one week of the day of the presentation, each group will receive an evaluation via email.
  - d. 1 (grade) point will be deducted for submitting the presentation slides after deadline.

## LITERATURE

### Obligatory readings:

1. Krugman, P. R.; Obstfeld, M. and Melitz, M. International Economics. Theory and Policy. – 10<sup>th</sup> ed. -, Pearson Addison Wesley.
2. Dicken, P. Global Shift. Transforming the World Economy. – 7th ed. –, SAGE Publications Ltd, 2015.
3. This course is largely based on research papers which will be provided to students. All papers and articles provided to students via the (e-learning) course page.

### Optional readings:

1. Winters, L. A. and Yusuf, S. (eds.) Dancing with Giants, The World Bank, 2007.
2. Rivoli, P., The Travels of a T-Shirt in the Global Economy, Wiley & Sons, 2005
3. Stiglitz, J. E. Globalization and Its Discontents. Penguin books, 2002
4. 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.