

GLOBAL ECONOMICS

COURSE SYLLABUS



Bilbao, Fall 2020

COURSE INFORMATION

Econ | 3 credits | 300 level

Time: Monday/Wednesday 13:15-14:40

Add/Drop Deadline:

Withdraw Deadline:

Professor: Xabier Gainza

Prerequisites: An inquisitive interest for contemporary debates surrounding the world economy

DESCRIPTION

This course introduces some of the mayor debates around the contemporary global economic order. The course will provide an overview of the global economic context, characterized by globalization and regional integration processes. Main trends and institutions in the global economy will also be covered, such as the monetary system, the foreign exchange market and the trade regime. The last part will deal with transnational corporations, ranging from the impact of FDI in home and host economies, to the way contemporary firms transnationalize.

OBJECTIVES

To understand globalization and regionalization processes, their main characteristics and their impact in the world economy.

To contrast the advantages/disadvantages of different monetary systems.

To understand how the foreign exchange market works.

To be able to compare free trade vs. trade policies, both from a theoretical perspective and in policy terms.

To discover the strategies available to Transnational Corporations (TNCs): Greenfield investment vs. M&As; how, where and when enter foreign markets; and the impact of TNCs in home and host economies.

TEXTBOOKS AND COURSE MATERIALS

Dicken, P. (2015). *Global shift: Reshaping the global economic map in the 21st century*, 7th Edition. Sage.

Hill, C. W. L. (2019). *International Business: competing in the global marketplace*, 12th Edition. MacGraw-Hill, Irwin.

Oatley, Thomas H. *Debates in international political economy*. Longman, 2012

Ravenhill, J. (2017). *Global political economy*. Oxford University Press.

Course materials will be available in Moodle.

COURSE OUTLINE

1st Part: The Global Economic Context

Chapter 1: An overview: changing patterns in the global economy

Global shift: Reshaping the global economic map in the 21st century, Chapter 1 and Chapter 2; *Global political economy*, Chapter 9.

Chapter 2: Regional economic integration

International Business, Chapter 9; *Global political economy*, Chapter 6.

Debate 1: FTAs are stepping stones vs. FTAs are stumbling blocks.

2nd Part: Institutions in the Global Economy

Chapter 3: The Global Monetary System, part 1.

Bretton Woods and the Golden Rule. The IMF, the World Bank and SDRs
International Business, Chapter 11; *Global political economy*, Chapter 7

Chapter 4: The Global Monetary System, part 2.

Fixed or floating exchange rates

ER-Regimes in practice

International Business, Chapter 11

Debate 2: China must revalue to correct global imbalances vs. Chinese revaluation will not correct global imbalances

Chapter 5: The Foreign Exchange Market

International Business, Chapter 10

Midterm 1: Chapters 1-5

Chapter 6: International Trade Theory

International Business, Chapter 5

Chapter 7: The Political Economy of International Trade

Instruments of trade policies. Free trade vs. Fair Trade

The global trading system: from GATT to the WTO

International Business, Chapter 6; Global political economy, Chapter 5

Debate 3: Trade Deficits Reduce Total Jobs v. Trade Deficits Produce Different Jobs

3rd Part: Transnational Corporations (TNCs)

Chapter 8: Foreign Direct Investment

Types of FDI

The impact of FDI in the global economy

Basic entry decisions: Where? When?

Methods of entry: How? Level of commitment? Control?

International Business, Chapter 8

Chapter 9: The relationship between TNCs and States

Costs and benefits of FDI to the Nation-States

Policies to encourage/discourage FDI

International Business, Chapter 8

Debate 4: Regulating Multinational Corporations.

Chapter 10: How to develop a global strategy

Why and how firms transnationalize

TNCs as networks

Global shift: Reshaping the global economic map in the 21st century, Chapter 5

4th Part: The Picture in Different Sectors (case studies)

Global shift: Reshaping the global economic map in the 21st century, Chapters 12-17

Midterm 2: Chapters 6-10

GRADES

Grades will be based on the following items:

- **Midterm 1 and Midterm 2: 30%** each
- **Informed debates: 10%**. Students are expected to defend different positions in a debate, based on a proposed reading
- **Record book: 15%**.
- **Case study as homework assignment: 20%**. Case studies are group projects, 3-4 students (no more, no less) and they will cover the performance of different sectors in the global economy. You are expected to use Dicken (2017, p.393-565), but you can complement your analysis using complementary data and bibliography. Bring them to class in a hard copy (printed and stapled). **Do not email them**. Case studies will be shortly presented in class.

Midterm 1 will be held after Chapters 1-5 are completed. The exact exam date will be announced in advance.

Midterm 2 will be held on the final exam day.

The standard grade scale is in force:

A: 100-93	C: 76-73
A-: 92-90	C-: 72-70
B+: 89-87	D+: 69-67
B: 86-83	D: 66-63
B-: 82-80	D-: 62-60
C+: 79-77	F: 59-00

Do not forget the 1:2 study-ratio. It implies about 6 hours a week.

Attendance is expected for all classes (this is USCA policy). Don't arrive late.

DISABILITY POLICY

Every effort will be made to accommodate students with disabilities or special learning needs. If you have a documented disability for which you have already requested accommodation through the USAC Central Office, your instructor will have been notified, so that arrangements can be made early in the term.

ACADEMIC HONESTY POLICY

Plagiarism, cheating, submitting work of another person previously used and other forms of academic dishonesty will lead to lowered course grades, failure of the course or more severe measures, depending on the gravity of the case.

STATEMENT ON AUDIO AND VIDEO RECORDING

Surreptitious or unauthorized video or audio recording is prohibited by law and by Board of Regents policy. This class may be videotaped or audio recorded only with the written permission of the instructor. In order to accommodate students with disabilities, some students may have been given permission to record class lectures and discussions. Therefore, students should understand that their comments during class may be recorded.

Updated: 08/01/2019