

WORLD ECONOMY AND INTERNATIONAL ECONOMIC AFFAIRS

2016

Syllabus

Lecturer: Vladimir Zuev (vzuev@hse.ru)

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Course description

The main goal of the course is to build up the understanding of the theory and policy of the contemporary global economics. The focus of the course is not only on traditional theories of international economics, i.e. on international trade, finance and growth, but on modern trends of economic development and on the latest empirical research in the most significant spheres of the global economics.

Methods

The teaching is based on examining theoretical concepts of globalization, trade and economic development. After this the examined economic theories would be demonstrated on the practical examples. The course provides students with understanding the practical aspects of the global economics. The questions of global governance are mostly discussed. Students should prepare presentations about discussed topics and then prove their positions. The approach encourages the development of economic intuition as well as some formal skills.

The following methods and forms of study are used in the course:

- lectures
- seminars
- home assignments
- self-study

You are encouraged to work together on homework assignments, but you must write up the assignment individually. Overall, the course includes hours of lectures and hours of classes. Self-study is an extremely important element of the course. Also the active work on the seminars is crucial for taking practical skills in discussion and standing up your position.

Grade determination

The final grade consists of the following elements:

- Home assignments – 40%
- Class activity (assigned by seminar leaders) – 40%
- End-of-semester test paper – 20%

Valid excuses

If you have to miss a homework or mid-semester examination due to illness, the weight of the missed assignments will be shifted onto other course elements (other exams, class activity, and homeworks).

Office hours

Vladimir Zuev: Shabolovskaya, 28/11, Office 332, by appointment.

Changes to the Syllabus

Any changes to this syllabus will be announced in class.

Tentative course outline

1. Introduction

Intro to the global economics

What is global economics about?

Definitions and the origins. A link to microeconomics: Economic models

International micro and macroeconomics 323

Global trends in the post international economics

Objective economic necessity to be part of the global economy

2. Global production patterns.

A link to microeconomics: Specific Factors of production.

Production Factor International Movements.

Heckscher-Ohlin Factor-proportions theory

A link to macroeconomics: Economies of scale and international location of production

Limits to the International Labor Mobility

3. Global economies

Major global economies by GDP

Classification and types of economies

National economies and global economy

A link to macroeconomics: National income accounting and the balance of payments –Krugman **Chapter 13**

Competitiveness

Global value chains

4. Basics of the World trade theory

The gravity model

Labor productivity and Comparative advantage.

Ricardo model

5. Trade policy instruments. Tariffs and Non-Tariff Barriers to Trade

a. Economics of Tariffs

b. Economics of Quotas

c. Protectionism and Imperfect Competition

6. Consumption patterns in the global economy

- A link to microeconomics: Demand and supply curve and main determinants

- Main consumption theories. Engel curve. Giffon good

- Main trends in consumption. Changes in the structure of consumption

7. Global economy major problems

Global inequality and income distribution

Global and regional migration trends

Mineral resources and energy security

Natural water as a global public good
Global Food consumption security. FAO activity
Global infrastructure to assure the functioning of the global economy

8. The political economy of trade and development

9. Transnational companies

- International Capital Flows
- A link to macroeconomics. Main theories of transnational companies
- The history of TNC development
- Main trends in TNC activity
- Outsourcing
- A link to microeconomics. Costs. Globalization and low-wage labor 309
- Offshoring

10. Preferential Trade Arrangements and Economic Integration

Trade creation vs trade diversion
Theories of economic integration
Global trade negotiations: GATT, WTO, Doha round.
Mega trade deals

11. Money, interest rates and exchange-rates in the open economy

A link to macroeconomics. Liquidity provision. Money, interest rates and exchange rates
CB policies
National currency Exchange rates and international transactions
Monetary reserves
Stabilization Fund
International monetary systems
Global currencies
Virtual currency concept

12. Global finance

Financial globalization: opportunity and crisis
A link to macroeconomics. Theories of crises. Main drivers of economic growth
Managing Global economic and financial crisis.
Regulation of international banking. BIS recommendations
Global financial regulatory cooperation

13. Technological progress in the global economy

Knowledge as a factor of production
Knowledge spillovers. Krugman 172
Intellectual property

14. Global economic governance

- Main theoretical concepts of global governance
- The role of formal and informal international organizations
- Main findings on up-to-date trends

15. Environmental and cultural issues -313

Ozone layer

Global warming
Ecology – a global public good
Global Education
Sports as part of the global economy
The argument of cultural independence and market failure

Main reading

1. Полочный индекс : К 339.9 К85, Krugman, P. R. International economics. Pearson, 2015. - 783 с. Krugman P., Obstfeld M., Melitz M. (KOM) International Economics: Theory and Policy, 2012.
2. R.Versteeg, International economics, The London School of Economics and Political Science, 2015

Other readings

1. V.N. Zuev (editor), Global governance institutions, Magistr, 2016.
2. Kenneth A. Reinert, An introduction to international economics, Cambridge university press, 2012.
3. L.M. Grigoriev (leading author), Modern problems of international economy in 21 century (Актуальные проблемы мировой экономики 21 века), HSE, 2013;
4. Principles for financial market infrastructures, BIS, 2012.
5. Articles from Journal of International Economics, <http://www.journals.elsevier.com/journal-of-international-economics/>