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## Economic globalization: successes and pitfalls

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### Overview

For nearly half a century, the process of economic globalization has profoundly changed national economies and international relations. The financial crisis initiated in 2008 amplified the criticism of global finance, which is inextricably linked to the process of increasing global trade interdependencies. Recent political developments in several parts of the world suggest a trend towards more protectionism and interventionism, while the welfare state model is being challenged in industrialized countries and inequalities are increasing. International institutions and regional agreements aimed at making the world economy more liberal are in crisis (WTO, EU ...)

On the other hand, globalization has enabled many regions of the world to emerge from underdevelopment, as well as boost world production and lower prices. Multinational firms have been the driving force behind these transformations, favouring the international division of productive processes and the spread of technologies and know-how. But their tendency to escape taxation through tax evasion as well as their quest for profit which have led to restructuring and relocation have placed them in the firing line.

Our course focuses on all these aspects of economic and financial globalization: the role of multinational firms, regional agreements, international institutions, global trade, foreign direct investment, financial markets ... for a better understanding of contemporary political and economic issues.

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### Evaluation (*foreign students*):

Oral exam

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### Goals

- A better understanding of international trade and international economic institutions (notably the World Trade Organization, regional agreements...). The place and role of each region in the globalized production and trade.
- A sound knowledge of multinational companies' strategies (foreign subsidiaries, joint ventures, alliances) and their consequences on the global economic development (growth, technologies diffusion, employment/unemployment...).
- Understand the links between globalization, economic and financial crises and the current trend towards protectionism. Analyse the global dimension of the current economic and financial world crisis, its origins and the risk of another major crisis; role of banks, problems with tax evasion, social dumping...

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### Requirements

This course requires only a basic knowledge of economic concepts. It is based on ideas and texts that are mainly empirical, though related to economic theories. The aim of the course is not to present detailed analyses of international macroeconomic modelling. Each theoretical reference will be explained.

All questions will be welcomed during the course. The slides will be available on a website.

Some texts will be given to complement the course and briefly discussed at the beginning of each session. Moreover, simple questions on the course will be asked and corrected during the next session.

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## Provisional Course Outline

9two hours sessions

Sessions 1 : Trade, foreign investments, finance : globalization in numbers

Sessions 2 to 3 : Trade expansion, from theory to practice (history of the globalization/regionalization of world trade ; role of international institutions ; WTO, regional agreements....)

Sessions 4 to 5 : Corporate strategies in the globalization (multinational corporations, global banks. Influence of public policies on the economic environment)

Sessions 6 to 7 : Globalization, growth, crisis and inequalities (emerging economies; industrialized countries...)

Session 8 to 9 : Towards the end of globalization or its consolidation ? (review of the current theories; empirical evidence...)

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## Bibliography

There is much literature on the subject of economic and financial globalization. This course will be illustrated by texts presenting different contradictory points of view. A short reading list may be already given:

- Baghwati J. (2002), *Free trade today*, Princeton University Press.
  - Farok J. (2016), Tax avoidance by multinational companies: methods, policies, and ethics. *Rutgers Business Review*, Vol. 1, No. 1, pp. 27–43.
  - Huward J.Y, Verdier L. (2013), *Economic Globalisation: Origins and consequences*, OECD Publishing, Paris.
  - Knight G.A., Cavusgil T. (2009), *Born-Global Firm*, BusinessExpert Press.
  - Krugman P., Obstfeld M., Melitz M. (2012), *International economics*, 9<sup>th</sup> ed.
  - Reich R. (2010), *Aftershock: The Next Economy and America's Future*
  - Rothkopf D. (2009), *Superclass, the global power elite and the world they are making*, F.Straus& Giroux.
  - Stiglitz J. (2002), *Globalization and its discontents*, Norton and Co.
  - Stiglitz, J.E. (2006), *Making Globalisation Work*, W.W. Norton and Co., New York.
  - UNCTAD (annual), *World Investment Report*.
  - Wolf M. (2014), *The Shifts and the Shocks: What We've Learned — and Still Have to Learn — from the Financial Crisis* (Penguin Press)
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