

Economic globalization: successes and pitfalls

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, favoring 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.

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. Analyze 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...

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 kinds of question will be welcomed during the course.

The course materials are found on a Google site shared with registered students at the beginning of the CS.

You will be expected to read the texts provided to complement the course, which will be briefly discussed at the beginning of each session and will give rise to simple questions to answer/correct.

Evaluation: Oral exam

Face-to-face oral exam mid-May.

Sign up by “Evento” app link shared in April.

The exam will last 10 minutes per student.

You will have to choose 2 questions from a list of 6.

The number of students for each hour is limited to 4, so register as soon as possible.

You will be given the precise time and location at Sciences Po a few days before the exam, by email.

Students who are no longer in Grenoble will be able to take the exam via Zoom.

A list of example questions will be provided on the weblink after the start of classes.

The second session (retake exam if you fail) is possible.

Provisional Course Outline

9 two-hour 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...)

Bibliography

There is considerable literature on the subject of economic and financial globalization. This course will be illustrated by texts presenting different contradictory points of view. Here is a short reading list:

- 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*, 9th 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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