

**Globalization and European Economies
Spring 2017
Copenhagen**

Instructors:

Section A: Mikkel Godt Gregersen (MG)

Section B + C: Michael Hedegaard (MH)

Other DIS contacts: Susanne Hovmand, Program Director
Owen Coffin, Program Assistant

Mondays and Thursdays

Section A (08:30 – 09:50) F24-306

Section B (10:05-11:25) F24-503

Section C (08:30-09:50) F24-503

Course Description

Globalization is reshaping the world. What can economics say about the new (and old) consequences of globalization? In this course, we study the forces behind globalization using economic theories of international trade, capital markets, institutions and labor economics. A special focus will be on Europe and the EU, the Euro, global competitiveness, the financial crisis and the present economic outlook. We will examine consequences of economic integration and barriers of markets in goods, factors of production, and financial flows and the impacts of increased interdependence in these markets for economic policy decisions in Europe and the world. We will ask and discuss questions such as whether globalization promotes economic growth, how income distribution is affected, if free capital flows undermine macroeconomic stability and how government institutions should or could adjust their powers and responsibilities.

We will go on study tours in Denmark and abroad and gain real-life perspectives from experts to the theories. The study tours will provide ample room for reflection outside of class rooms on the topics and theories studied in class. The course also includes guest lectures and expert panel discussions.

Each student will during the course work on an individual research question which will materialize in a research paper with emphasis on proper use of methodology and delimitation. At the end of the course students work in groups choosing a country to analyze and risk-assess in light of globalization and will prepare a presentation to a panel of experts.

Learning Objectives

At the end of this course you should be able to:

- Reflect and think critically about globalization, the factors driving this process and consequences of globalization
- Analyze and compare how companies, countries and sectors compete and position themselves in a globalized world

- Apply international trade theory to analyze and interpret global economics
- Analyze and reflect on optimal currency areas, European integration and the Euro
- Analyze and reflect on international investments, international capital flows and financial crisis
- Apply relevant micro and macro-economic theory and models to synthesize the main and diverse elements making up global economics and current economic policies
- Analyze and reflect on how modern monetary policies impact financial flows, currencies and global economies
- Evaluate different views on the process of globalization, European and global economics, the Euro and be able to argue and defend a position on a number of key issues debated in current news
- Apply knowledge gained and work in a structured way with a research question

Course Requirements and Grading

This is an upper level economics class and requires that you have taken one semester each of micro- and macroeconomics at university level. Additionally, you must have taken one course in either intermediate or advanced macroeconomics.

The key reference textbooks for the course are:

International Economics: Theory and Policy, by Paul Krugman and Maurice Obstfeld 9th edition, 2013

The Economics of European Integration, by Richard Baldwin and Charles Wyplosz 5th edition, 2015

The articles listed in the lecture outline are available electronically on Canvas.

Given the topic's rapid development and to keep discussions as relevant as possible, articles, papers, blogs, videos etc. will be uploaded as supplementary information sources.

The grading allocation will be as follows:

Participation: 15%

Research paper: 35%

Test: 15%

5 quizzes during course: 10%

Final Analytical Paper and Presentation: 25%

Your participation grade will be determined by 3 factors: **attendance, preparedness for class, and active engagement** in lectures and other class activities. **You are required to attend each and every class.** If you miss a class, you must contact an instructor as soon as possible and provide an explanation. The assigned readings for each lecture should be read *prior* to the lecture. We randomly call on students to answer questions about the assigned readings and have unannounced short quizzes at the beginning of class. Here is a suggestion: as you read the assigned readings, write down 2 or 3 things that strike you about the reading, such as some key findings, interesting arguments, questions you have etc. Then review your notes once you arrive in class. You are expected to **actively engage** in class by asking questions, making

comments, sharing ideas, etc. Learning is a two way road and the more you participate in class, the more the instructors will learn about how well you understand the material being presented, how to tailor and focus the course material, etc. An important component of your learning experience at DIS is the study tour visits we will undertake which are integrated into this course. In order to maximize the learning experience from the visits, there will be a **study tour assignment** connected with these visits. Further instructions on the study tour assignment will be posted early in the semester.

There will be four different kinds of deliverables/evaluations besides general participation: First) a short written test, then) an individual research paper, third) a country analysis followed by a group presentation, and fourth) 5 quizzes distributed during the course.

The short written test takes place early in the semester and provides an early indication of level of understanding of theories and topics related to globalization and global trade and investments.

The research paper is an individual endeavor which the student embarks on early in the semester by identifying a well-defined research question and methodology for working on the research along the semester. The objective is for the student to apply a sound academic research approach and show ability to analyze and synthesize knowledge, empirics from study tours and theories.

The country analysis is undertaken in groups where students work together on a paper and presentation on a chosen country. Here students apply and synthesize their knowledge into a real-life and concrete risk assessment.

The 5 quizzes are submitted electronically during the course.

Computer policy: Laptop computers are allowed in class ONLY for note-taking purposes. Any other use will have a negative impact on your final grade. Furthermore, any student violating this policy will not be allowed to continue using their laptop in class for the remainder of the semester.

Academic Honesty: Plagiarism and Violating the Rules of an Assignment - DIS expects that students abide by the highest standards of intellectual honesty in all academic work. DIS assumes that all students do their own work and credit all work or thought taken from others. Academic dishonesty will result in a final course grade of "F" and can result in dismissal. The students' home universities will be notified. DIS reserves the right to request that written student assignments be turned in electronic form for submission to plagiarism detection software. See the Academic Handbook for more information, or ask your instructor if you have questions.

Attendance: You are expected to attend all DIS classes when scheduled. If you miss multiple classes the Director of Teaching and Learning, and the Director of Student Affairs will be notified and they will follow-up with you to make sure that all is well. Absences will jeopardize your grade and your standing at DIS. Allowances will be made in cases of illness, but in the case of multiple absences you will need to provide a doctor's note.

Disability and Resource Statement: Any student who has a need for accommodation based on the impact of a disability should contact the Office of Academic Support to coordinate this. In order to receive accommodations, students should inform the instructor of approved DIS accommodations within the first two weeks of classes.

Academic Excellence Award: Each semester we recognize one outstanding student from the Global Economics Program. It is reserved for a student who has distinguished him- or herself through diligence, commitment, academic performance, and ideally a student who contributes to a good, collaborative learning environment in class.

Globalization Lecture Outline

Lec #	Date	Topic	Assigned Reading	Key learning objectives	Instructor A PARIS/ BRUSSELS	Instructor B MOSCOW	Instructor C MOSCOW
1	January 19	Introduction: Denmark and USA in the Global Marketplace	Browse the Global Competitiveness Report 2016-17, think about differences and similarities between Denmark and USA.	Fundamental differences between Denmark and USA, different ways to prosperity, national institutions. Course overview: Structure, content, learning objectives, grading process etc.	MG	MH	MH
2	January 23	Globalization Definition, History and Impacts	<u>Bordo:</u> Globalization in Historical Perspective pp. 20-29 <u>O'Rourke:</u> Politics and trade: lessons from past globalizations pp 1-30 <u>HSBC:</u> Trade Wind report (link)	The forces driving globalization, ways of looking at globalization, consequences of globalization	MG	MH	MH
GLOBAL TRADE AND INVESTMENTS							
3	January 26	Global Trade Theory Productivity, resources.	<i>Krugman & Obstfeld</i> Ch. 3 pp 54-79 Ch. 5 pp 110-136	Trade through comparative advantage and endowment of resources.	MG	MH	MH

4	January 30	Global Trade Theory Terms of Trade, External economies of scale	<u>Krugman & Obstfeld</u> Ch. 6 p. 141-161 Ch. 7 pp 167-82	Terms of trade, biased growth, economies of scale. Preparation for core course week	MG	MH	MH
5	February 02	Global Trade Theory Product space, agglomeration Preparation for Core course week	<u>Hidalgo et al:</u> The Product Space Conditions in the Development of Nations (Full Text)	Product space and economic agglomeration Location effects, economic geography.	MG	MH	MH
	February 06-10	Core Course Week	Monday-Wednesday: Western Denmark & Thursday-Friday: Copenhagen	- academic visits in Western DK to policy makers, researchers, organizations, businesses, and think tanks -Field study, lecture, and panel on a current economic topic in Copenhagen	MG	MH	MH
6	February 13	International investments and Outsourcing	<u>Krugman & Obstfeld:</u> Ch. 8 Deciding intl. production pp. 185-218 <u>Richard Baldwin:</u> The great unbundlings <u>BCG:</u> US manufacturing nears the tipping point	International investments and location of production - the changing patterns of agglomeration and outsourcing	MG	MH	MH

7	February 16	Test in Global Trade and Investments					
EUROPEAN INTEGRATION							
8	February 20	EU trade liberalization and policy Take-off for work on research paper	<i>Baldwin and Wyplosz</i> , Ch. 5 pp. 120-140 Ch. 12 pp. 284-295	Preferential trading, customs union and EU trade policy Preparation for research paper	MG	MH	MH
9	February 23	Integration of Labor Markets in Europe, Europe's Unemployment Problem	<u><i>Baldwin and Wyplosz</i></u> , Ch. 8 pp. 186-210 <u><i>Andersen & Svarrer</i></u> The Danish Labor Market Model pp. 389-406	Labor Markets and Migration. Economic Integration and the European Unemployment Problem Danish Labor Market Model, Transition and welfare Regimes in EU	MG	MH	MH
	February 25 – March 05	TRAVEL BREAK					
10	March 06	The Euro, Economics of Optimum Currency Areas (OCA)	<i>Baldwin and Wyplosz</i> , Ch. 15 pp. 350-380	The Euro, Monetary integration in Europe. Benefit and costs of OCA, criteria setting Europe as an OCA	MG	MH	MH
11	March 09	The European Monetary Union and the ECB	<i>Baldwin and Wyplosz</i> , Ch. 14 pp. 328-43 Ch. 16 pp. 390-416	The Euro system, monetary conditions and implications hereof.	MG	MH	MH

				The Euro and rest of the world			
12	March 13	The EU Fiscal Policy and Stability Pact	<i>Baldwin and Wyplosz</i> , Ch. 17 pp. 420-44	Fiscal policy in the Monetary Union, Fiscal policy externalities, Principles, The Stability and Growth Pact	MG	MH/Jon Kyst	MH/Jon Kyst
GLOBAL FINANCE AND MONETARY SYSTEM							
	March 15	FIELD STUDY and Preparation for Long Study Tour 8:30-12:30	Check country information on Belgium, France, Russia, e.g. EIU For B and C: Diversifying Russia. European Bank for Reconstruction and Development 2014 pp. 1-31	Overview of study tour Study tour groups and assignments B+C: Intro to Russian	MG/DP	MH/ Mette Jungersen All from 8.30-11.25 Preparation for Long Study Tour	
13	March 16	The financial markets and the Euro zone in crisis	<i>Baldwin and Wyplosz</i> Chapter 18 pp. 448-469 Chapter 19 pp. 480-510	The financial markets. The global financial crisis 2008-9 The fragmentation effects of the global financial crisis The public debt crisis	MG/MH/Guest lecturer		
	March 19 - 26	GE Core Course Long Tour	A: Paris/Brussels B and C: Moscow	A: academic visits to policy makers, think thanks & businesses B and C: EU, Russian ministries, think tanks and Banks	MG/DP	MH	
14	March 27	Study tour wrap-up		Individual reflections and	MG/DP	MH	

				class discussions on the insights gained during Core Course Long Tour			
15	March 30	The source of global imbalances and the globalized financial system	<p><u>Joshua Aizenman and Brian Pinto:</u> Managing Financial Integration and Capital Mobility</p> <p><u>Economist Intelligence Unit 2014:</u> The world is still unbalanced. http://www.eiu.com/landing/Global_Imbalances</p> <p><u>Claudio Borio and Piti Disyatat:</u> Global imbalances and the financial crisis BIS 2012 pp. 1-19</p>	Analyzing net and gross financial flows. Analyzing free capital mobility and macroeconomic policy	MG	MH	MH
16	April 03	Global finance and monetary system – unconventional monetary and fiscal policies	<p><u>Bank of England:</u> Money creation in the modern world</p> <p><u>Desroches:</u> Global savings, Investments, and World Real Interest Rates (link)</p>	Analyzing and reflecting on present day global finance and monetary system	MG	MH	MH
17	April 06	Regulation and reform of financial markets and policies?	<p><u>Jonathan Ostry, Prakash Loungani, Davide Fuceri:</u> Neoliberalism: Oversold?</p>	Policy responses International regulatory cooperation Reflection on macroeconomics	MG	MH	MH

		Round-up of course	<i>Kodres et al 2012:</i> Fixing the system				
FINAL PRESENTATIONS							
	April 10	Deadline for Submission of Research Paper at 24:00					
	April 12 -17	Travel Break					
18	April 20	Workshop on presentations	Country Analysis and Assessment	Groups work individually	MG/MH/JFS		
	May 4	Submission of Final paper by 24:00 hours					
	May 8	Final Presentation of Country Analysis and Assessment (End of Semester Showcase)	Time TBA 15 minutes presentation plus 5 minutes for questions Dress code: Professional	Presentation to audience of the group's Country Analysis and Assessment	MH/JFS/MG		
	May 12	Earliest Departure Date					