COURSE INFORMATION:

Title: The Age of Globalization – Spring 2019

Number: BADM 1004, Sections 30 & 31

Time: Tuesdays - Normally 2:00-3:15, but occasionally combined lectures 12:45-3:15

Location: Corcoran 101 Lecture Hall

Section 31 – Duques 359i – Thursdays – 12:45 – 2:00

Joint Lectures: ESIA Room E 113 (No discussion classes during those weeks)

Office Hours: Thursdays 4:00-6:00, Duques 450b or by appointment arranged by email: DLeipzig@gwu.edu

Your first port of call should be Graduate Teaching Assistants.

Teaching Assistants: Murat Cobanoglu, mcobanoglu@gwu.edu
Ashley Kongs, Ashley_Kongs@gwu.edu

PROFESSOR: Danny LEIPZIGER, Prof. of International Business and International Affairs

Managing Director, The Growth Dialogue (www.growthdialogue.org)
COURSE DESCRIPTION: As described by columnist and author Tom Friedman, the World is Flat, meaning that except for a few isolated countries, the fortunes of nations are interwoven with global economic events via trade in goods and services and via flows of capital. In the post WW II era, the global economic network has become more inter-connected with multinational corporations operating across the globe and capital moving with greater ease to find better returns. Hence the term, the Age of Globalization.

To better understand the forces that drive international trade and flows of capital, it is important to understand how markets work. It is also necessary to know more about international arrangements, so-called rules of the game, and the international institutions that were created to help uphold those rules. Global business has thrived in this environment of increasing world trade and capital flows. And many countries, especially in East Asia, have seen their economies flourish based on their connectivity with global markets. While there may well be changes to this basic paradigm in the offing—we are now facing challenges of trade wars and pushback to “hyper-globalization”– the basic features of comparative advantage in international trade and capital seeking higher returns is fundamental.

This course, required for all GWSB students, aims to get you started on the right foot, with a better understanding of how the global economy works, what stresses and strains are occurring, and what countries are doing about it. This means delving not only into economic forces at play, but also considering the political economy that drives both national political decisions and approaches to international cooperation.

Like all courses, what you get out of it depends on your level of effort!

LEARNING OBJECTIVES:

- Understanding what we mean by globalization, its trends, and characteristics
- Understanding the costs and benefits of globalization and who bears what?
- Knowing the fundamentals of international trade, exchange rates and the balance of payments and global trade rules and who enforces them
- Understanding the basic links between money and prices and the conduct of monetary policy
- Knowing what drives capital flows, who saves and who borrows and links to the balance of payments
- Knowing about the role of central banks, the lender of last resort function and the role of the IMF
- Understanding the fundamentals of economic growth and development and why some countries have succeeded, and others have not, and the links to climate change
- Being able to discuss the links between globalization and inequality and the current policy challenges facing globalization
- Understanding who manages the global economy and the global commons and being asses how things are going with respect to global governance
- Knowing about Global Value Chains and what drives corporations to off-shore and what forces may be driving a retrenchment on the part of multinational corporations
- What are the links between government and business and how does regulation operate in various markets, including the financial sector?
- What do we know about the process of innovation?
- What are the future pressure points for countries internally and how is the external environment changing, especially focusing on the role of China in the global economy?

ASSIGNMENTS, RULES, EXAMS, AND ATTENDANCE:

1. You are expected to do the readings and be prepared to answer questions based on those readings in the Thursday discussion sections. Students will be called on randomly and your failure to be prepared will cost you. I strongly suggest that be prepared.

2. Attendance will be taken in lecture and you are expected to miss no more than two lectures without permission of the instructor. Handouts distributed in lecture will not be available on blackboard, so if you miss a class, you will have to request a handout after class.

3. Academic integrity rules of the university will be enforced, and this applies to signing in for lectures. Signing in for someone who is absent is considered an academic violation and will be dealt with accordingly.

4. Laptops and ipads will be closed during lectures. This is an enforceable rule and you will be given only warning. The same goes for use of cell phones—Verboten!

5. There will be a Mid-Term Exam on February 26 during lecture and no discussion sections that week.

6. There will be a Final Exam during the exam period again during the lecture time slot. No rescheduling or make-up exam will be offered unless there are serious extenuating or medical circumstances supported by written documentation.
GRADING:

35 % Midterm

45 % Final Exam

20 % Contribution to discussion section or extra credit assignments

There will be no negotiation of grades, so study and be prepared.

UNIVERSITY POLICIES: Religious accommodations are possible in accordance with university policies. Please inform the Professor in advance. Disability Support Policies will be observed, so that if you need accommodation, please inform the Professor and alternative testing arrangements will be arranged in accordance with university policy.

If there are health related issues that prevent you from completing assignments or any other special circumstance, please inform the Professor and provide relevant information specific to the case. If the Professor cannot be reached, check with one of the GTAs.
COURSE OVERVIEW

**Syllabus reflects best known information currently, but professor reserves right to update as needed**

Week 1

January 15th  Overview

- Introduction to the theme
- Facts on Past, Year 2000, Today, and 2025
- Expectations for the Class
- Structure, Rules, and Incentives

No Discussion

Class

Week 2

January 22nd  Globalization

- What do we mean by globalization?
- The flows of goods, of capital, of people and the digital economy.
- Why do firms go overseas in the first place?
- What are the benefits of globalization and who captures them?
- What are the downsides and who is affected?
- The role of markets and the role of governments.
- Why are we now speaking of de-globalization?
- How does disruptive technology enter the picture?

January 24th  Discussion Class

Assignments and Questions are on Blackboard
Week 3

January 29th  International Trade
- Comparative advantage and the gains from trade
- The balance of trade and its determinants
- What drives exchange rates? What are the terms of trade?
- What do we mean by the Current Account and why does it equal S-I?
- China and the US examples of Savings, Investment and the Current Account
- Do bilateral balances matter? What is dumping? What are CVDs?
- What the role of the WTO and why is it under such attack?
- What is fair trade? What is state capitalism?

January 31st  Discussion Class
Assignments and Questions are on Blackboard

Week 4

February 5th  Money, Inflation, and Capital Flows
- Types of capital flows and their characteristics.
- The Capital Account in the BOP.
- Why do countries borrow? What is meant by original sin?
- What is a sovereign bond? What is a default? What are Collective Action Clauses?
- Determinants of capital flows, interest rate differentials and expected ER changes.
- What is money and who creates it? Is Bitcoin money?
- The simple quantity theory of money and inflation. Debtors and creditors.
- The CPI and core inflation, inflationary expectations, and the effects of hyper-inflation

February 7th  Discussion Class
Assignments and Questions are on Blackboard
Week 5

February 12th  Banks, Central Banks, and the IMF
- The role of banks in intermediation
- The Central Bank as the Lender of Last resort
- Who conducts monetary policy and how is it done?
- Open market operations and quantitative easing
- The financial crisis of 2008-2009
- The IMF as the LOLR for countries.
- What links monetary policy on the US to global capital flows?
- What does it mean to be a reserve currency and what is meant by “exorbitant privilege?”

February 14th  Discussion Class
Assignments and Questions are on Blackboard

Week 6 (Joint Lecture)

Guest Lecture by Dr. Carl Dahlman (The Growth Dialogue)

February 19th  Economic Development, Growth, Convergence, and the Role of MDBs
- The process of development and escaping poverty
- Success stories and their common characteristics
- The role of foreign aid and multilateral development banks
- The work of the Spence Commission on Growth and Development
- The idea of convergence and other mega-trends
- The Milanovic “elephant curve “and its implications
- The challenges facing Sub-Saharan Africa

No Discussion Class
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<tr>
<th>Week 7</th>
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<tr>
<td><strong>February 26th</strong></td>
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<th>Week 8 (Joint Lecture)</th>
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<tr>
<td><strong>Guest Lecture by Dr. Marianne Fay (Chief Economist - Climate Change Group - The World Bank)</strong></td>
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<td><strong>March 5th</strong></td>
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| SPRING BREAK |

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<th>Week 9</th>
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<td><strong>March 19th</strong></td>
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<td>- What are the current trends in global inequality?</td>
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<td>- The “Elephant Curve “and greater global convergence</td>
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<td>- The progress in global poverty reduction</td>
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<td>- The remaining poverty problem, the MDGs and SDGs</td>
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<td>- What can we say about global wealth and its distribution?</td>
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<td>- What’s happening to income distributions in the OECD?</td>
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<td>- What’s the link between globalization and national income inequality?</td>
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<td>- Rodrik’s trilemma and how to deal with it?</td>
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| **March 21st** | **Discussion Class** |
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| Assignments and Questions are on Blackboard |
Week 10

March 26th  Managing the Global Economy and Global Commons
- Trade Management and Trade Wars
- Managing Flows of Capital
- Financial Regulation and the roles of the BIS and FSB
- The management of intellectual property and patenting curative drugs
- Who is charged with maintaining the global system?
- The role of the G-20 and its limitations
- The Paris Climate Accord
- The European migration dilemma

March 28th  Discussion Class
Assignments and Questions are on Blackboard

Week 11

April 2nd  The Process of Economic Growth and Economic Development
- The process of development and escaping poverty
- Success stories and their common characteristics
- The role of foreign aid and multilateral development banks
- The work of the Spence Commission on Growth and Development
- The idea of convergence and other mega-trends
- The Milanovic “elephant curve “and its implications
- The challenges facing Sub-Saharan Africa

April 4th  Discussion Class
Assignments and Questions are on Blackboard
Week 12 (Joint Lecture)

Guest lecture by Jingdong Hua (Treasurer, World Bank) - to be confirmed.

April 9th  The Global Corporation and Corporate Governance

No Discussion Class

Week 13

April 16th  The Relationship Between Governments and Businesses
- The role of government in a market economy
- When does government intervene and how?
- Characteristics of good regulation and where do we find it?
- Market failures and government failures
- What do we mean by public-private partnerships and how do they work?
- What do we learn from the DOING BUSINESS report?
- Country cases of Korea, Singapore, and China
- The innovation story and the history of industrial policy.

April 18th  Discussion Class
Assignments and Questions are on Blackboard

Week 14

April 23rd  Future Pressure Points
- What are the prevailing global mega-trends?
- Where are we headed in the battle between populism and globalism?
- What will be the impact of disruptive technologies?
- What will be the impact of demographics?
- The future of work and the role of the state
- Can globalization survive the trade wars and its consequences?

April 25th  Discussion Class
Assignments and Questions are on Blackboard