

How the Global Economy Works

Introduction

To understand how the global economy works, we need to understand how the world works. It is important to have a inter-disciplinary approach. Mainstream economics takes a very specialised approach and tend to be slow in updating their frameworks or models in understanding the global economy. This course is an attempt to understand the global economy in a way that we can understand how the world works. We understand how different ideologies shape the world and how their contestations transform the world order. However, one caveat that is important to keep in mind is that a lot of times policies are driven by pragmatic needs rather than ideological principles. This course tries to develop clear and accurate description of the workings of the real global economy. Although, this is difficult to achieve as global economy is always changing. However, we can understand how certain institutions, incentives, and participants interact to form certain trends or behaviors which leads to a clear description. The description leads to analysis and analysis leads to policy making. This approach recognizes that the world is uncertain and humans a lot of times don't understand the whole picture. But if we apply data, models, analysis, and creative thinking we can reach to a certain level of understanding.

Course Requirements

- 1) Course readings and class discussion are integral part of the course. Participation and readings are therefore essential requirement. We will begin with introduction and background of the topic in one session and followed by reading material. In the next session, we would discuss the reading given to you for the homework and second half of the session we will introduce the new topic.
- 2) In last few classes, we will assign certain policy questions. Students are required to work and present on those issues.
- 3) Paper/Exam option We can mutually decide on what works better and we can either choose the paper option or exam option
 - a) Paper Option: You will have to write a research paper on certain topic. Your paper should embed topics studied in the course material.
 - b) Exam Option: You might take a three hour open book exam.

Syllabus

In the global economy, our focus is on how the goods are traded between nations, how the money flows around the world, and how people travel between the borders.

Recommended book readings 1) World Order By Henry Kissinger

2) Inside Global economy by Andrew Vonnegut

Weekly readings would be provided during the class for the relevant topics

Tentative Topics

- Week 1: Understanding the Global World Order
 - Introduction and overview of how global order is formed
- Week 2: Globalization and how this world order formed
 - History of the evolution of global economy
- Week 3: Geopolitics and International trade policy
 - Power Politics and how economic statecraft is used
- Week 4: International Trade policy tools
 - tariffs, quotas, free trade agreements and their impact on economies
- week 5: Global Financial Architecture 1
 - Role of central Banks
 - Foreign Exchange systems
 - International Capital flows
- Week 6: Global Financial Architecture 2
 - Role of multilateral institutions like IMF and World Bank.
 - Role of Financial institutions like Global banks, shadow banks and other financial firms
 - Foreign Direct Investment
- Week 7: Global Financial Architecture 3
 - How the payment system works
 - Sanctions and how global order ensures loyalty
 - Political economy of accessing the capital
- Week 8: International development and role of foreign aid
 - Aid or a tool for controlling resources
 - Investment in development and colonial control
- Week 9: Political Economy of Migration
 - Flow of humans from developing to developed world
 - Impact of migration on domestic economies
 - Distorted incentives in achieving growth
- Week 10: Globalization and domestic Politics
 - International markets, business cycles and their impact on domestic economic policies

- Week 11: presentations/discussions on current global issues
- Week 12: presentations/discussions on current global issues