

GLOBAL POLITICAL ECONOMY

Course Outline
Richard Tudway

COURSE OBJECTIVE

This course explains how political institutions, the political environment, and different economic systems interact with one another internationally. Students will be introduced to the academic and public affairs debates surrounding the costs and benefits of globalization and the associated risks.

COURSE DESCRIPTION

The course examines the history and development of the global economy. It will pay particular attention to the main governance features of the major economic powers and their interaction through multilateral policy making institutions. It will explore the structure of the global economy and the trading of goods and services, financial assets and liabilities, and the impact of all these activities on capital markets. It will also assess risk management techniques used by governments, corporations and other entities operating internationally. The global regulatory challenges posed by the intensification of these economic interactions will be considered in the context of the global financial crisis (which first broke in 2007) and its continuing consequences. The challenges facing multilateral institutions such as the IMF in addressing these problems will be explored.

COURSE METHODOLOGY

The course will be taught in nine four-hour classes, followed by a written examination lasting two hours. All classes will begin with an assessment of relevant comment on global political economy selected by students from the serious international press. This will be followed (from meeting 2 onwards) with a full discussion of the Questions for Review as set out in the course notes following the preceding meeting.

The instructor will make a presentation of the topics to be covered under the specific section identified in the course notes. This will be followed by a break.

After the break there will be a full and detailed discussion of the content of the presentation and assigned reading. Towards the end of the teaching session time will be set aside to discuss the research being undertaken in preparing the written assignment.

Students are required to attend and participate in all these class discussions. This aspect will account for 20% of the final grade.

A 2000-word essay - worth another 40% - must be submitted at the start of class seven. This will be marked and returned by class nine. An end-of-session closed book exam will be held. Students will be expected to write four short essay-type answers from a choice of twenty covering the different topics covered. This will be worth the final 40% of the grade. No notes will be allowed in the examination room.

There will be a documentary on the end of the dollar as the reserve currency during meeting 2. A visit to the Bank of England Museum will be made before the commencement of teaching foreseen for Topic four.

Set Text Readings will be assigned from the following sources:

REQUIRED READING

Angus Maddison, *The World Economy: A Millennial Perspective* (2001)

Barry Eichengreen, *Globalising Capital – A History of the International Monetary System* (2nd edition: 2008)

RECOMMENDED READING (AS DIRECTED DURING THE COURSE)

Harold James, *The End of Globalisation: Lessons from the Great Depression* (2002)

Robert Peston, *How do we fix the Mess* (2012)

In addition there will be various handouts on specific topics.

COURSE READINGS

Students will be required to read The Economist weekly newspaper and the Financial Times to identify topics of relevance to the course and present these for discussion in class.

CLASS SCHEDULE

Ten four-hour classes will cover the following topics.

Topic One: The main features of the global economy

Class 1

Date: Thursday, January 11th

Time: 1:00pm to 5:00pm

Location: Room 4.176, Franklin Wilkins Building, King's College London, Waterloo Campus

Global GDP (gross domestic product) its size measured in dollar terms. Its distribution will be measured and assessed using IMF and OECD datasets. The high ground of the history of the development of the global economy will also be assessed (Maddison).

Class 2

Date: Thursday, January 18th

Time: 1:00pm to 5:00pm

Location: Glass Suite 3, Franklin Wilkins Building, King's College London, Waterloo Campus

The future growth and development perspectives and the challenges of growth, free and fair trade and international investment will be examined along with the impact of the global financial crisis and the policy response. **(IMF and OECD forecasts and commentaries on the global financial crisis)**

Readings:

Angus Maddison, *The World Economy – A Millennial perspective*

Introduction and Summary Pages 17 to 25

Chapter 1 The Contours of World Development Pages 26 to 48

Chapter 2 The Impact of Western Development Pages 49 to 123

Handouts from the IMF and the OECD, which illustrate how GDP is calculated and how specific countries, can allocate this.

Topic Two: Global money markets and capital markets
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Class 3

Date: Thursday, January 25th

Time: 1:00pm to 5:00pm

Location: Room 1/16, **Waterloo Bridge Wing**, King's College London, Waterloo Campus

The operations of the post-Bretton Woods global economy will be examined along with evolution of the foreign exchange markets in the period following the deregulation of currencies in the late 70's, the creation of the European Monetary System (EMS) and the launch of the **euro**.

Class 4

Date: Thursday, February 1st

Time: 1:00pm to 5:00pm

Location: Room 2.41, Franklin Wilkins Building, King's College London, Waterloo Campus

The operation of global equity, debt and derivatives markets and the activities of the main financial institutions and other players, such as institutional investors and hedge funds, will also be explored.

Readings:

Barry Eichengreen, *Globalising Capital – A History of the International Monetary System* Chapters 2, 3 and 4. Pages 6 to 128
Economist and Class Handouts

Topic Three: International asset and liability management
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Class 5

Date: Thursday, February 8th

Time: 1:00pm to 5:00pm

Location: Glass Suite 3, Franklin Wilkins Building, King's College London, Waterloo Campus

Foreign exchange operations in the forward markets, futures, swaps and funding operations using equity, debt and other derivative products.

Class 6

Date: Thursday, February 15th

Time: 1:00pm to 5:00pm

Location: Room 1.65, Franklin Wilkins Building, King's College London, Waterloo Campus

Practical exercises will be explored.

Readings:

Class Handouts. Statistics in respect of interest rates and foreign exchange rates. .

Topic Four: The role of the major central banks and policy-making institutions

Class 7

Date: Thursday, February 22nd

Time: 1:00pm to 5:00pm

Location: Room G.75, Franklin Wilkins Building, King's College London, Waterloo Campus

The US Federal Reserve and the European Central Bank will be examined along with other multilateral institutions such as the IMF and World Bank with special reference to the challenges on managing global "systemic" and economic risk.

Class 8

Date: Thursday, March 1st

Time: 1:00pm to 5:00pm

Location: Meet at the entrance of the Bank of England Museum (Bartholomew Lane

London EC2R 8AH, nearest tube station is Bank) at 1:00pm, and then travel back for the remainder of class with Dr. Tudway to **Room 5.144**, Franklin Wilkins Building, King's College London, Waterloo Campus

The experience and limitations of QE (quantitative easing) will be examined along with the specific challenge of banking risk. An assessment will be made of progress in addressing the principal issues associated with the British Referendum decision to leave the EU..

Readings:

Barry Eichengreen, *Globalising Capital – A History of the International Monetary System* Chapter 5 pages 136 to 194

Handouts from *The Economist*

Harold James, *The End of Globalisation: Lessons from the Great Depression* page 200 onwards

Handouts in respect of the EU framework for British exit of the EU and the response of the British government.

Class 9

Date: Thursday, March 8th

Time: 1:00pm to 5:00pm

Location: Room 2.41, Franklin Wilkins Building, King's College London, Waterloo Campus
Full revision session ahead of a final written examination.

Class 10

Date: Wednesday, March 15th

Time: 1:00pm to 5:00pm

Location: Room G.70, Franklin Wilkins Building, King's College London, Waterloo Campus

This class will consist of a final review of revision topics followed by a 2 hour written examination.

GRADING CRITERIA

A

This exceptional grade is assigned only to work that has persistently outstanding quality in both substance and presentation. The student must demonstrate a sustained capacity for independent thought and convincing analyses in well-ordered prose.

A-

Awarded to work that shows original thinking, as well as being clearly focused and analytical. A small number of minor errors, whether factual or grammatical, may be present.

B+ B B-

This range of grades indicates that the student has shown some evidence of original thought and intellectual initiative. The work will show thoughtful management of material, and a good grasp of the issues. The differences between a B+, a straight B and a B- may reflect poor presentation of the material, or mistakes in punctuation, spelling and syntax.

C+ C C-

Work in this grade range is satisfactory, but uninspiring. Quality of presentation can lift such work into the upper levels of this grade range. Work of this quality which is poorly presented, and riddled with grammatical errors, will fall into the lower end of the range. To earn a passing grade, the work must demonstrate that the student is familiar with the aims of the service course, be written well enough to be readily understood, be relevant to the assignment, and, of course, be the student's own work except where properly cited.

D F

Work that is fatally flawed in one or more ways, such as: so poorly written as to defy understanding; so insubstantial or irrelevant that it fails to address the subject; is guilty of plagiarism.

Grade	Honor Points	Usual %
A	4.0	93-100
A-	3.7	89-92
B+	3.3	85-88
B	3.0	81-84
B-	2.7	77-80
C+	2.3	73-76
C	2.0	69-72
C-	1.7	65-68
D	1.0	60-64
F	0.0	Below 60