

Syllabus of Record

Program: CET Prague

Course Code / Title: (PR/ECON 340) *World Economy, Finance and Technology*

Total Hours: 45

Recommended Credits: 3

Primary Discipline / Suggested Cross Listings: International Political Economy / Economics, Finance, International Economics, Political Science

Language of Instruction: English

Prerequisites/Requirements: Prior experience in economics is an advantage but is not required

Description

This course introduces the basic principles of the global economic system. The primary focus is on the states as principal actors of the contemporary world economy and macroeconomic policies of the states. Although the course takes predominantly the global perspective, regional (EU) and local (Czech) specifics are introduced in the selected parts of the course, primarily through field visits. The policies discussed in the first part of the course are put into historical context to explain the origins and empirical experience with the policies concerned. Most attention is given to policies affecting finance and technologies in the economy.

The second part of the course introduces the growing interdependence of states, i.e., globalization. For this purpose, a gentle introduction to international economics is provided to allow for discussion of the globalization effects. The other world economy actors, such as multinational corporations and regional economic integrations, are discussed with particular focus on the European perspective. Specific attention is given to the Czech economy after the transition.

The last part of the course is dedicated to current issues of the major centers of the present world economy, i.e., the USA, the EU, and developed Asia, to discuss the risks related to policies run in the regions concerned.

Objectives

This course aims to develop students' understanding of the global economic system, the state's role in the economy, and the international repercussions of economic policies adopted in the core economies of the world economy.

By the end of this course, students will be able to:

Syllabus of Record

- Understand the effects of economic policies on the national economy and the global repercussions of the economic policies run by the major economies
- Identify relevant information sources and employ basic analytical methods to evaluate relevant questions related to the economic policies of states
- Build a basic comprehension of the international financial system
- Appreciate the principles of innovations and their adverse consequences on the labor market
- Compare and contrast the centers of the contemporary world economy

Course Requirements

This course combines the explanatory part (lecture), and a follow-up interactive seminar, where discussions occur and individual or team assignments are given. Readings are available to prepare for the classes (approx. 5-15 pages weekly). Students are expected to complete all the required readings before each class to participate fully in the discussions and engage in assignment solving.

Students are expected to abide by CET's attendance policy.

A term paper is an individual work. The topics are selected by students and approved by the instructor. The topics are related to country-specific economic issues and shall contain an analytical aspect (identification of causes or consequences of the selected issue). The paper includes a 1–2-page long summary of existing literature and a 4-7 page long basic data analysis (data presented in charts or tables and commented upon).

The mid-term test is a closed-book test containing open questions based on the 1st part of the course.

The final test is an open-book test, where the students need to find their data and other information to answer the open questions.

Course evaluation

The final grade is determined as follows:

Active class participation – assignments and discussion	25%
Term paper	30%
Midterm test	15%
Final test	30%

Readings

Selected chapters from:

Dicken, Peter. *Global Shift – Mapping the Changing Contours of the World Economy*. Sage, 2015.

Syllabus of Record

Aliber, Robert Z., and Charles P. Kindleberger. *Manias, panics, and crashes: A history of financial crises*. Palgrave Macmillan, 2015.

Frey, Carl Benedikt. *The Technology Trap*. Princeton University Press, 2019.

Mankiw, Gregory. *Principles of macroeconomics*. Cengage Learning, 2020.

Valli, Vittorio. *The American Economy from Roosevelt to Trump*. Springer, 2018.

Baldwin, Richard, and Charles Wyplosz. *The Economics of European Integration*. McGraw Hill, 2019.

Studwell, Joe. *How Asia Works: Success and failure in the world's most dynamic region*. Open Road+ Grove/Atlantic, 2013.

Additional readings are provided in the class from non-scientific journals (e.g. The Economist), economics-related blogs (e.g. VoxEU) and sound international organizations (e.g. OECD).

Outline of Course Content

Part 1: Each topic covers economic policies discussed in the relevant historical perspective.

Topic 1: Introduction

- Why do some nations thrive, and others fail?

Topic 2: Origins of the world economy and its development till WWI – economic growth

- Determinants of economic growth
- Political and economic institutions
- Innovation and state approach to technologies

Topic 3: Great Depression in the 1930s – fiscal and monetary policy

- Money and financial markets
- Fiscal, monetary policies, monetary systems
- Field trip to the Czech National Bank Visitor Centre

Topic 4: World economy till the 1970s – regulation

- State interventions in the economy, regulation, and macroeconomic competitiveness
- Command economies in CEE

Part 2: Globalization and the related issues are explained in the perspective of the last globalization wave after the 1980s

Topic 5: World economy till 2019 – globalization

- Introduction to International Economics – real exchange rate and balance of payments
- Effects of international trade on developed countries
- Other actors of the contemporary world economy: MNCs, international organizations and regional integration agreements

Syllabus of Record

- The EU as a specific regional integration project
- Effects of free capital flows – technology transfer, the balance of payments crises in the 80s and 90s
- Czech economy in the globalized world
- Global Imbalances and consequences – Subprime Mortgage Crisis (2008), European Sovereign Debt Crisis (2009).

Part 3 Compares the most influential centers of the current world economy and discusses the selected regional issues.

Topic 6: Major centers of the current world economy

- The USA – a superpower in decline?
- EU – how to maintain an *ever-closer union*?
- Field trip to the Czech Ministry of Finance
 - Guest lecture: the Czech Republic and the EU – formation of the Capital Markets Union
- Developed Asia – what are the limits to the Asian developmental model?