**SPINAKER Winter School course**

**States and Markets in the 21st Century**

**Course description**

The global economy has long been recognized as a complex system, made up of many variable factors in circular relationships. This course aims to introduce students to the complexity of the international monetary, financial and trade systems, as seen through the relationship between the state and market. Some classical debates between the theorists supporting a minimal versus expanded role of the state in regulating the market will be discussed. In addition, the question will be poised whether the state remains the most important player in the global economic system or whether it is losing power to other actors such as Multinational Companies or civil society. Economic growth models covered will show students how to compare varieties of capitalist economies. Students will critically analyse dilemmas faced by the state, with emphasis on financial crises and regulation. Students will gain knowledge on aspects of the crucial relationship between the market and democracy. A written policy brief will be the final outcome of the course.

**Subject’s learning outcomes**

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| **Outcomes in terms of** | **Examination methods** |
| **Knowledge – Student knows and understands:** |  |
| * Main economic actors, institutions and political cultures within the global economy. * The approaches and concepts used to study long and short-term economic effects and consequences. * Basic international economic relations, the monetary, financial and trade system. * The phenomena behind economic diplomacy evolving between international business, states, NGO's and other actors in the global economy. * The theories and models behind international economic integration, economic models and the role of the state within it. * The basics premises of a market economy and its regulation. | Daily reading of course material and discussion with relevance to materials during lecture.  Policy paper. |
| **Skills – Student can:** |  |
| * Analyze the process of economic diplomacy in national and global economies. * Analyse the purpose, coherence and fit of contemporary approaches to the role of the state in the market versus classical ones. | Daily reading of course material and discussion with relevance to materials during lecture.  Policy paper. |
| **Social competences – Student is ready to:** |  |
| * Present their position and opening statements to an audience in a debate. * Present papers in English and work with different modes of problem solving. * Perform in a muliti-cultural setting through teamwork. * Apply their knowledge to jobs in international economic organizations, international business or academia. | Daily reading of course material and discussion with relevance to materials during lecture.  Policy paper. |

**Calculation of ECTS points**

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| **Activity form** | **Activity hours\*** | |
| Lecture | 6 | |
| preparation for classes | 10 | |
| preparation for the exam | 10 | |
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| **Student workload** | **Hours**  20 | **ECTS**  1 |
| **Workload involving teacher** | **Hours**  6 | **ECTS**  1 |

\*hour means 45 minutes

**Study content**

1. The impact of globalisation on the state; current dilemmas in the state versus market relationship; Politics versus economics- a false dichotomy, financial crisis 2007 part 1; classical debates from Smith and Friedman to Marx and Keynes; economic models; protectionism, populism and economic nationalism.
2. Wither the State? the State vs. other actors in the Global Economic system; New players (Multinational companies, civil society) and structures; international economic diplomacy; changing balance of power; threats to state sovereignty and policy autonomy poised by the market.
3. The role of the State in the global economic system and market failure; the race to the bottom: regulation/ deregulation, liberalization, privatisation and policy reform. Democracy, accountability, efficiency, credibility and legitimacy of market oriented reforms, Growth, risk and stability/ economic security- whose role? Financial crisis conclusion.

**Course advanced**

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| **Activities** | **Examination methods** |
| Open conversation lecture with discussion and multi-media.  Class group work. | Daily reading of course material and discussion with relevance to materials during lecture. Active participation in team work and active presentation of results. Policy paper on regulatory aspects in market failure. £-5 page policy analysis and prescription of how public policies can regulate aspects of the financial sector activities. |

**Literature**

**Obligatory**

* Ravenhill, J. ed. (2011) *Global Political Economy*. Oxford, third edition. Chapters 8 & 9 (or newer edition).
* Richard, Lipsey and Alec Chrystal (2020). *Economics*. 13th Edition. Chapter 13.
* Oatley, T. (2011). *International Political Economy*. Pearson, fifth edition, preface. Chapter 1.
* M., Eichengreen, B. and Irwin, D. (1999) “Is globalisation today really different from globalisation 100 years ago?” NBER Working Paper 7195, June <http://www.nber.org/papers/w7195.pdf>
* <https://www.eastasiaforum.org/2023/01/04/great-power-competition-has-shifted-in-the-united-states-favour/>

Is the 2007 US Sub-prime Financial Crisis So Different? An International Historical Comparison https://www.aeaweb.org/articles?id=10.1257/aer.98.2.339

* The Financial and Economic Crisis of 2008: A Systemic Crisis of Neoliberal Capitalism <https://journals.sagepub.com/doi/epdf/10.1177/0486613409335093>
* Bayne, Nicholas and Woolcock, Steven. 2017. *The new economic diplomacy: decision-making and negotiation in international economic relations*. Ashgate, Stephen 2017, 4th edition. Chapter 1-5.

**Optional**

* Gilpin, R. (2001). Global Political Economy. Chapter 1, pp. 15-23 (“My perspective: statecentric realism”), chapter 3 (‘The neoclassical conception of the economy”), chapter 4 (“The study of IPE”)
* The Economist/ Financial Times