

# [Economics: globalization and international production assignment](https://assignbuster.com/economics-globalization-and-international-production-assignment/)

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Economics: Globalization and International Production BY KKKK89 Michal Brzozowski INTERNATIONAL ECONOMICS Part I[email protected]uw. edu. pl A Tour of the Course International Economics INTERNATIONAL TRADE: Absolute and comparative advantage Intra-industry trade and the New Trade Theory The Political economy of trade Trade policy, international trade organizations, international trade integration INTERNATIONAL PRODUCTION: Foreign market entry Foreign direct investment Migration Grading The grade will be based on: Midterm exam (December, 3rd): 10 multiple-choice questions 5 answer alternatives) = 30 points.

Final exam: 25 multiple-choice questions (4 answer alternatives) = 50 points. In-class presentation in groups (up to 15 minutes in groups of 3 and up to 10 minutes in groups of 2) = 20 points OR written solution of selected review exercises indicated by the lecturer (3 review exercises, answers have to be submitted by January 14, 2014) = 20 points.

The retake exam: 32 multiple-choice questions (5 answer alternatives) = 80 points (+ points earned for Details on presentation: Choose any topic related to international trade or multinational corporations examples: Comparative and absolute advantage in US-China trade; Is international trade a substitute for migration? ; Trade and innovation; Trade disputes). Refer (if possible) to the theories discussed in class. Specify the question you are trying to answer. Processing of data would be appreciated. If your work is based on the existing literature, it should be a critical review. resenting DOES NOT MEAN READING. 2 Lecture 1 Windows on the World Economy Structure of this lecture Globalization 1. 1 Definition 1. 2 Measurement 2. Trends in Globalization 2. 1 Episodes of Globalization 2. Globalization, International Trade and International 1. Globalization “ Globalization can be thought of as a process (or set of processes) which embodies a transformation of the spatial organization of social relations and transactions. ” David Held et al. 1999 “ Globalization refers to all those processes by which the peoples of the world are incorporated into a single world society, global society. Martin Albrow, 1990 “ Globalization can be defined as the intensification of worldwide social relations which link distant localities in such a way that local happenings are shaped by events ccurring many miles away and vice versa. ” Anthony Giddens, 1990 “ The characteristics of the globalization trend include the internationalizing of production, the new international division of labor, new migratory movements from South to North, the new competitive environment that accelerates these processes, and the internationalizing of the state making states into agencies of the globalizing world. Robert cox, 1994 ” The term globalization is generally used to describe an increasing internationalization of markets for goods and services, the means of production, financial systems, competition, orporations, technology and industries. Amongst other things this gives rise to increased mobility of capital, faster propagation of technological innovations and an increasing interdependency and uniformity of national markets”, Manual on Statistics of International Trade in services, Eurostat, IMF, OECD, ON, UNCTAD, WTO, 2002 4 http://globalization. of. ethz. ch/ KOF Index of globalization (Kon]unktur-forschungsstelle Swiss Economic Institute) measures the three main dimensions of globalization: economic, characterized as long distance flows of goods, capital and services as well s information and perceptions that accompany market exchanges; social, expressed as the spread of ideas, information, images and people. and political, characterized by a diffusion of government policies.

A. Economic Globalization i) Data on actual Flows Trade (percent of GDP) Foreign Direct Investment, stocks (percent of GDP) Portfolio Investment (percent of GDP) Income Payments to Foreign Nationals (percent of GDP) it) Data on restrictions Hidden Import Barriers Mean Tariff Rate Capital Account Restrictions 5 B. Social Globalization i) Data on Personal Contact Telephone Traffic

Transfers (percent of GDP) International Tourism Foreign Population (percent of total population) International letters (per capita) Internet Users (per 1000 people) Television (per 1000 people) Trade in Newspapers (percent of GDP) iii) Data on Cultural Proximity Number of McDonald’s Restaurants (per capita) Number of Ikea (per capita) Trade in books (percent of GDP) C. Political Globalization Embassies in Country Membership in International Organizations Participation in U. N.

Security Council Missions International Treaties 6 Economic Globalization, Europe Economic Globalization, Asia 7 Economic Globalization, Africa 2. Trends in Globalization Globalization is not a new phenomenon. Since the mid-19th century, there have been at least two episodes of globalization: The first episode began around the mid-19th century and ended with the commencement of World War I The second episode began in the aftermath of World War II and continues today. Globalization has not been a smooth process.

It has often been marked by periods of accelerated integration and by periods of dramatic reversals (as in the inter-war period) 8 The two most recent episodes of globalization were characterized by increased ntegration in trade, capital flows and movement of labor (percent change unless indicated otherwise) 2. 2 Globalization, International Trade and International Production International trade refers to the exchange of goods and services among the countries of the world.

International trade after WWII entered a long period of record expansion with world merchandise exports rising by more than 8 per cent per annum in real terms over the 1950-73 penod. Trade growth slowed thereafter under the impact of two oil price shocks, a burst of inflation caused by monetary expansion and inadequate macroeconomic adjustment In the 1990s, trade expanded again more rapidly, partly driven by innovations in the information technology (IT) sector.

Despite the small contraction of trade caused by the dotcom crisis in 2001, the average expansion of world merchandise exports continued to be high – averaging 6 per cent for the 200007 period. For the entire 1950-2007 period, trade expanded on average by 6. 2 per cent, which is much stronger than in the first wave of globalization from 1850 to 1913. Trade openness (exports+imports as percent of GDP) 2000 2007 180 160 OECD Accession Countries Enhanced Engagement 140 120 20 Lu mb

Slo va Bel g rg kRium ep ub cz ec Hung lic h Rar ep y Ne Irela li c the n d Au ds Ds tr ia Sw enm Itza rk OE CD sw and 30 ed e av n G e rage Fin ny la Po nd Ian Ko d lc e ea No rw d Po ay rtu Cagal da w z spa la n Me d Grtaly i te i ng d Fra om Tu ce Au rkey s tr ali a iteJ apa ds n ta Es te s Sl o toni a Is r s si Fe Chi de Ch ratio i na n so u th A) Ind fr ic a ia Ind Luxembourg: 327% (2007) 279 200 10 11 International production can take place through two modes: contracts (international licensing and franchising) and foreign direct investment (FDI) undertaken by multinational enterprises (MNEs).