

Mandatory Course 3: International Public Economics

Title	Mandatory Course 3: International Public Economics
Semester	E2022
Master programme in	International Public Administration and Politics / International Politics and Governance
Type of activity	Course
Teaching language	English
Study regulation	

REGISTRATION AND STUDY ADMINISTRATIVE

Registration	<p>Sign up for study activities at STADS Online Student Service within the announced registration period, as you can see on the Study administration homepage. When signing up for study activities, please be aware of potential conflicts between study activities or exam dates.</p> <p>The planning of activities at Roskilde University is based on the recommended study programs which do not overlap. However, if you choose optional courses and/or study plans that goes beyond the recommended study programs, an overlap of lectures or exam dates may occur depending on which courses you choose.</p>
Number of participants	
ECTS	10
Responsible for the activity	Camilla Jensen (camje@ruc.dk)
Head of study	Sevasti Chatzopoulou (seva@ruc.dk)
Teachers	
Study administration	ISE Studyadministration (ise-studyadministration@ruc.dk)
Exam code(s)	U60139

ACADEMIC CONTENT

Overall objective	<p>The course uses perspectives from economics to dive into the transnational aspects of public economics. It pays particular attention to the provision of international public goods (e.g. climate, labour and environmental standards, cross-border financial and tax regulations, etc.) at the international level.</p>
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Detailed
description of
content

What are the public sector implications of the increase in cross-border flows of capital, labour, goods, and services, and the increasing prevalence of multinational firms? In particular, what are the implications for public budgets, fiscal policies, state aid, regulation, and provision of public goods? The course takes an economic perspective on these and similar questions. In doing so, it prepares students for operating in environments where policy decisions are both shaping and being shaped by the international economy and how public goods are produced and regulated.

The teaching alternates between lectures, exercises, and other case work. Typically, lecturers will introduce the topic and a case after which the students will work in groups towards solving a practical or theoretical problem. A variety of teaching formats are applied, including simulation exercises.

During the course, students will prepare, in groups, an independent synopsis drawing on the common curriculum and their own additional readings with an outset in a number of topics that are offered by instructors at mid-term.

This course is designed around Rodrik's trilemma. The trilemma describes the trade-offs democracies and nation-states face in terms of whether or not deciding to delegate essential decisions and decision-making processes pertaining to their participation in the international economy. On the one hand is the trilemma a simple descriptive tool that we can use to understand what constraints it imposes on us as countries for example when we in the EU delegate decision-making about central banking and financial regulation to supra-national bodies. At the same time can it also be used as an analytical tool or framework towards both understanding and diagnosing the current problems the world economy faces in relation to dealing with international public economic issues. Perhaps in some areas globalization has gone too far and we need to reconsider many aspects of regulation. While perhaps in other areas, such as when it comes to truly international public goods, golden straightjackets, as Rodrik calls them, should be embraced, and imply necessary trade-offs for national democracy that we will have to accept, if we are to prevent planetary catastrophes?

The first part of the course focuses on financial globalization and aspects of how regulation of global finance can be improved also in relation to dealing with the climate crisis. In the last part of the course the focus is on the more traditional realist agenda of trade policy and regulatory issues at the microeconomic level of the spectrum focusing on aspects of market failure and what happens with the international trading system when rhetoric and regulatory difference exploitation starts to dominate the profit maximizing agenda. The international trade bloc is followed by a class connecting these traditional macroeconomic and microeconomic traditions as often separated or disconnected strands of literature pertaining to international public economic policy-making through a discussion of the globalization-financialisation nexus. The course is then concluded by two classes embedding international public economics in the core structuring issue of the twenty-first century: the social-ecological transformation of our economies to cope with the crisis of the planet.

1 - Introduction

This class provides an overview of the course. Public economics is traditionally understood as the study of government policy through the lens of economic efficiency and equity. In our conceptualization,

international public economics is the study of international regulation and governance through those same lenses of efficiency and equity.

We take point of departure in Dani Rodrik's work on the Economics of Globalization, linking it to the notion of Liberal Economic Order. Many scholars and analysts see the post-WW2 economic order as increasingly challenged, both by the rise of various forms of anti-establishment politics (Trump, Brexit etc) and by the rise of China. In Rodrik's analysis, the emergence of these challenges were predictable outcomes of the move from the moderate globalization of the Bretton Woods regime to the hyperglobalization of the 1990s and 2000s. In recent years, the current liberal economic order has faced several dislocating pressures, from Donald Trump's imposition of high, punitive tariffs in the name of "national security" and Emmanuel Macron's plans for "investor screening" to Xi Jinping's industrial strategy for developing Chinese superiority in a range of high-tech industries. Against this backdrop, the course:

provides an overview of the history and configuration of the liberal economic order

articulates the relation between liberal economic order and open economy macroeconomics in general, and the Washington consensus in particular

outlines the process of hyperglobalization in two key domains; finance and trade

examines current pressures on key nodes of the liberal economic order, from the EU's economic and monetary union to the rules-based international trading regime centred around the WTO

discusses what reforms might enhance the political and economic sustainability of a peaceful, globally integrated world economy

relates these developments to the key cross-border public goods that are at stake; financial stability; access to credit; access to foreign markets etc, as well as key national public goods such as employment and social security.

The course is divided into three streams that focus mainly on international finance (lectures 2 to 5), international trade (lectures 6 to 10), and socio-ecological transformation (lectures 11 to 13), respectively.

2 - Financial Globalization

Attitudes to international financial flows has changed dramatically over the course of the post-WW2 period. In the Bretton Woods era, there was a strong consensus in favour of capital controls, which were widely seen as essential both for financial stability and employment. The stagflation crisis of the 1970s and the rise of neoliberalism brought an end to those convictions, however. In the era of financial globalization, conventional wisdom became that the benefits of 'free capital' clearly outweigh the costs. This class discusses hyperglobalization in finance, the political rationalities of financial deregulation and financial globalization, and their links to the policy doctrine known as 'the Washington consensus'.

3 - The Global Financial Crisis

Few saw the global financial crisis of 2007/2008 coming and yet it led to the greatest recession in the world economy since the Great Depression of the 1930s. This class discusses the socio-economic consequences of the financial crisis – in terms of increasing unemployment and material

dispossession - and introduces students to the main explanatory narratives: what were the key causes of this watershed event in the post-WW2 era, according to different branches of economics? Five key explanatory modalities are identified (perverse incentives; US monetary policy; global imbalances; deregulation; excess capital). These explanatory modalities are then linked to Rodrik's typology of the main intellectual styles in economics ('foxes vs hedgehogs') and to Porter's typology of four approaches to studying international finance.

4 - Post-Crisis Financial Regulation

In the wake of the global financial crisis, a number of comprehensive regulatory agendas emerged. One of the more dominant ones in public debate, was capital regulation of banks. If we insist that banks are funded more by equity capital and less by debt, the contention was, then they'll be more robust in the face of adverse economic shocks and the global financial system more resilient as a consequence. In this class, we examine the regulatory agenda of bank capital regulation and we look at the date more than a decade later: have banks increased their capital buffers or not? We also discuss the resurgence in Europe of debates on introducing a European financial transaction tax (EFTT). We link these debates and analyses to the literatures on regulatory capture and policy paradigms.

5 - Green Central Banking

Making financial flows "consistent with a pathway towards low greenhouse gas emissions" was a key objective of the Paris Agreement. If global warming is to be limited to 1.5 degrees Celsius, global CO₂ emissions will need to reach net-zero by 2050 and yet the financial system is currently funding temperature increases of over 3 degrees. For green technologies to be developed at the scale needed and for green business models to thrive, a massive redirection of financial flows will be needed. This class asks what central banks - the institutional anchors of modern monetary systems - can do to promote alignment with the Paris Agreement. How can financial regulation and monetary policy be deployed in ways that incentivize green finance and accelerates the transition to net-zero carbon economies?

6- Trade globalisation (Camilla)

In this first session of the 2nd part of the course we look back at trade theory history towards developing our capabilities to look ahead. Throughout the international trade focused classes we try to understand how and why the world trading system currently is undergoing changes. Changes that are unprecedented at least since the Bretton Woods institutions of regulating international trade were launched in the aftermath of World War 2. We try to answer questions such as: Why do countries trade? How do countries benefit from international trade? What are the interests for regulating and intervening in trade?

7- Post-structuralism and the new protectionist response after the financial crisis (Camilla)

One hypothesis we are exploring is whether current trade policies are reminiscent of what we could understand as a post-structural kind of economy. In international trade the post-structural is best epitomised by the trend towards constructed comparative advantages (resulting for example from strategic actions of countries and firms, Xie, 2019) taking prominence over 'natural' comparative advantages. While there is nothing new about this perspective (see e.g. Tyson, 1993) the implications have not been incorporated into the complex of international trade theory

in terms of signalling a fundamental paradigmatic change. But the carrying over of post-structuralist trends to the economy places enormous tasks and responsibilities on public policy-makers. In this session we therefore ask questions such as: Why and how can we see that protectionism or regulation is on the rise again? Is it good or bad and for whom? Which forces and institutions are the drivers of these changes in the post-structural economy?

8- Multinational firms and implications for global labour under hyperglobalisation (Camilla)

One significant trend of the post-structural international economy is that a majority of international trade is orchestrated inside the hierarchies of multinational firms. This is also why international trade theorists at least since the beginning of the century have argued for a rejuvenation of international trade theory (Bernard and Jensen, 2004). This theory should be centered around the actions and decisions of firms to exporting being at least as important as the strategies of nation states. In this session we ask questions such as: How important are multinational firms in the world economy? How are they regulated? What are the implications for the world economy of the rise of multinational firms?

9- Regulating international public goods (the ocean and the atmosphere) (Camilla)

International trade offers enormous challenges when it comes to regulating the current climate crisis. On the one hand does international trade through carbon leakages and a potential deterioration in the environmental standards of goods and services, lead down the road of race to the bottom. On the other does international trade if regulated and supervised also hold the potential to solve these problems and become an engine for a more fair system based on sustainable growth. In this session we pose questions such as: What are the best regulatory tools in the international economy to prevent carbon leakage? What does the current proposal for a Carbon Border Adjustment Mechanism (CBAM) imply for different nation states? When are standards the best solution to the problems that trade places on problems of pollution and climate

10 - When regulatory difference becomes the basis for international trade (tax and pollution havens) (Camilla)

In this session we continue the inquiry from previous classes, looking at two specific cases of what happens and how things can go wrong when regulatory differences increasingly are becoming the basis for the comparative advantages of nation states in the post-structuralist economy. We ask in this session whether the two cases of international tax competition and pollution havens – are contrasting cases or in fact represent the same political economy of pushing firms' interests over those of governments/populations?

11 – The financialization-globalization nexus (Louison)

This session will introduce the students to thinking the two processes of financialization and globalization complementary and mutually reinforcing. It will therefore provide a wrap-up to the two blocs of the course on macro-finance and international trade.

The class will build on the literature about the offshoring-financialization nexus to explore how the restructuring of production at the global scale since the early 1980s is linked to the financialization of capitalism in freeing vast amount of profit that could then be reinvested on financial accumulation instead of in productive investment in domestic countries.

That provides one explanation (amongst others) for the rise of unemployment in high income countries, therefore linking to the issues of unemployment and income distribution.

This joint process of globalization and financialization also has environmental consequences that the session will explore, linking to the two sessions on the social-ecological transformation.

12 – Social-ecological transformation I: foundational concepts and facts (Louison)

This class will introduce the students to core concepts and knowledge from Ecological Economics such as planetary boundaries, the entropy law, the analysis of material flows and stocks supporting our economic systems and issues of environmental justice at the global scale.

13 – Social-ecological transformation II: labour, income distribution and well-being within planetary boundaries (Louison)

In this class, students will explore policies to provide for public goods and social needs within the ecological limits of the planet in the context of the interconnection of national capitalisms within global capitalism. The session will therefore draw from literatures on work policies and on the future of labour from an ecological perspective, income and wealth inequalities in relation with environmental inequalities, the welfare state and sustainability, ecologically unequal exchange and uneven development patterns along global value chains as well as on the social relation to the environment in the diversity of contemporary capitalism.

Course material and Reading list

The following three books are used across many lectures as background readings combined with journal articles and specialized reports from international organisations and similar (we refer to the course's Moodle pages for references to the latter):

CORE (2017) The Economy (OUP). The book is available online. Please note that there might also be additional readings for individual sessions.

Rodrik, D (2011). The globalization paradox. Oxford University Press

Sawyer and Sprinkle (2020). Applied International Economics. Routledge. Fifth edition.

Overall plan and expected work effort

The course is mandatory and counts towards 10 ECTS points, corresponding to a total of 270 work hours. It is expected that the work effort is divided as follows – with 50% in (1) and 25% towards (2) and (3) respectively: (1) reading and class preparation including revision;

(2) participation in classes and with exercises working in small groups; and

(3) elaboration of synopsis individually or in small groups.

Preparing and class preparation involves reading the announced curricula, but here it is also important that students after each class revise the curricula and reflect upon the content of the exercise or in-class activity in relation to the curricula.

During the class sessions students are expected to work creatively and in collaboration in small groups to come up with inventive, original and individually designed and composed solutions to the exercises.

Around mid-term students are asked to actively engage in elaboration and design of their own synopsis, working in small groups or individually. The students are expected to consult and tie with their course convenors and co-students towards developing and designing their curricula.

The exam is a synopsis exam comprising a written product of maximum 9,600 characters. The synopsis shall take outset in one or several of the topics covered in the course, but it is also expected that students' develop their synopsis beyond the standard curricula within each topic.

A successful exam result rests on a combined student effort within each of the three main spheres of work as described and detailed out above on the course in International Public Economics.

See inspiration to activity forms [here](#) and ETCS declaration [here](#).

Format

Campus

Evaluation and feedback

The activity are evaluated regularly regarding the study board evaluation procedure. The activity responsible will be orientated about a potential evaluation of the activity at semesterstart. Se link to the study board evaluation praxis [here](https://intra.ruc.dk/nc/for-ansatte/organisering/raadnaevn-og-udvalg/oversigt-over-studienaevn/studienaevn-for-internationale-studier/arbejdet-medkvalitet-i-uddannelserne/) <https://intra.ruc.dk/nc/for-ansatte/organisering/raadnaevn-og-udvalg/oversigt-over-studienaevn/studienaevn-for-internationale-studier/arbejdet-medkvalitet-i-uddannelserne/>

Programme

Introduction (Jakob)

Financial globalization (Jakob)

The global financial crisis (Jakob)

Post-crisis regulation of banks (Jakob)

Green central banking (Jakob)

Trade globalisation (Camilla)

Hyperglobalisation a la Rodrik and the new protectionist response after the financial crisis (Camilla)

Multinational firms and implications for global labour under hyperglobalisation (Camilla)

Regulating international public goods (the ocean and the atmosphere) (Camilla)

When regulatory difference becomes the basis for international trade (tax and pollution heavens) (Camilla)

The financialization-globalization nexus (Louison)

Social-ecological transformation I: foundational concepts and facts (Louison)

Social-ecological transformation II: labour, income distribution and well-being within planetary boundaries (Louison)

ASSESSMENT

Overall learning outcomes

- To apply theoretical key concepts in the field of public finances (public goods, efficiency, equity, monetary policy, taxation, tax spill-over, climate policy, etc.).
- To acquire research-based knowledge of how activities transcending public administration and policy boundaries (especially regionalisation and globalisation) affect these key concepts.
- To identify, analyse, and discuss interactions between national and transnational market-based and public regulatory mechanisms and interventions that may impact on central outcomes of and for policies and with a focus on the public sphere of interest.
- To analyse and assess the impact of different regulatory mechanisms and policy interventions on the economy at different levels and for different spheres of interests/ stakeholders.

Form of examination

Individual oral exam based on group product.

Permitted group size: 2-3 students.

The character limit of the written product is maximum 9,600 characters, including spaces.

The character limits include the cover, table of contents, bibliography, figures and other illustrations, but exclude any appendices.

Time allowed for the exam including time used for assessment: 30 minutes.

The students are examined separately.

The assessment is an assessment of the oral examination. The written product(s) is not part of the assessment..

Permitted support and preparation materials for the oral exam: All.

Assessment: 7-point grading scale.
Moderation: External examiner.

Form of Re-examination

Samme som ordinær eksamen / same form as ordinary exam

Type of examination in special cases

Examination and assessment criteria

Explain and elaborate on different concepts as they apply in the individual or combined spheres of the international and public economy.

Apply theory and ideas from international public economics towards deepening our understanding of specific and exemplary cases from the field.

Compare the lessons, explanations and implication of applying different theoretical lenses towards analysing specific problems of an international public economic nature.

Critically assess and evaluate the assumptions underlying different theories and empirical applications in the field of international public economics

Present public policy briefings and recommendations related with international public economic problems and issues.

Exam code(s) Exam code(s) : U60139

Course days:

Hold: 1

International Public Economics (IPG)

time	16-09-2022 10:15 til 16-09-2022 14:00
forberedelsesnorm	ikke valgt
forberedelsesnorm D-VIP	ikke valgt
location	04.2-025 - teorirum (40)
Teacher	Jakob Vestergaard (javest@ruc.dk)

International Public Economics (IPG)

time	23-09-2022 10:15 til 23-09-2022 14:00
forberedelsesnorm	ikke valgt
forberedelsesnorm D-VIP	ikke valgt
location	25.1-035 - teorirum 25.1 (98)
Teacher	Jakob Vestergaard (javest@ruc.dk)

International Public Economics (IPG)

time	30-09-2022 10:15 til 30-09-2022 14:00
forberedelsesnorm	ikke valgt
forberedelsesnorm D-VIP	ikke valgt
location	01.1-028 - lille auditorie (151)
Teacher	Jakob Vestergaard (javest@ruc.dk)

International Public Economics (IPG)

time 07-10-2022 10:15 til
07-10-2022 14:00

forberedelsesnorm ikke valgt

forberedelsesnorm D-VIP ikke valgt

location 03.1-s03 - auditorie a (120)

Teacher Jakob Vestergaard (javest@ruc.dk)

International Public Economics (IPG)

time 13-10-2022 10:15 til
13-10-2022 14:00

forberedelsesnorm ikke valgt

forberedelsesnorm D-VIP ikke valgt

location 04.2-025 - teorirum (40)

Teacher Jakob Vestergaard (javest@ruc.dk)

International Public Economics (IPG)

time 14-10-2022 10:15 til
14-10-2022 14:00

location 25.1-035 - teorirum 25.1 (98)

Teacher Camilla Jensen (camje@ruc.dk)

International Public Economics (IPG)

time 21-10-2022 10:15 til
21-10-2022 14:00

forberedelsesnorm ikke valgt

forberedelsesnorm D-VIP ikke valgt

location 04.1-06.1-014 - teorirum 04/06 (130)

Teacher Camilla Jensen (camje@ruc.dk)

International Public Economics (IPG)

time	04-11-2022 10:15 til 04-11-2022 14:00
forberedelsesnorm	ikke valgt
forberedelsesnorm D-VIP	ikke valgt
location	03.1-s21 - auditorie b (80)
Teacher	Camilla Jensen (camje@ruc.dk)

Workshop (IPG)

time	10-11-2022 10:15 til 10-11-2022 12:00
forberedelsesnorm	ikke valgt
forberedelsesnorm D-VIP	ikke valgt
location	04.2-025 - teorirum (40)
Teacher	Sevasti Chatzopoulou (seva@ruc.dk) Laust Schouenborg (lausts@ruc.dk) Louison Cahen-Fourot (lcahenfo@ruc.dk)

Workshop (IPG)

time	10-11-2022 13:15 til 10-11-2022 15:00
forberedelsesnorm	ikke valgt
forberedelsesnorm D-VIP	ikke valgt
location	04.2-025 - teorirum (40)
Teacher	Sevasti Chatzopoulou (seva@ruc.dk) Laust Schouenborg (lausts@ruc.dk) Louison Cahen-Fourot (lcahenfo@ruc.dk)

International Public Economics (IPG)

time	11-11-2022 10:15 til 11-11-2022 14:00
location	25.3-005 - teorirum 25.3 (80)
Teacher	Camilla Jensen (camje@ruc.dk)

International Public Economics (IPG)

time	18-11-2022 10:15 til 18-11-2022 14:00
forberedelsesnorm	ikke valgt
forberedelsesnorm D-VIP	ikke valgt
location	27.2-054 - lokale 3 (40)
Teacher	Louison Cahen-Fourot (lcahenfo@ruc.dk)

International Public Economics (IPG)

time	02-12-2022 10:15 til 02-12-2022 14:00
forberedelsesnorm	ikke valgt
forberedelsesnorm D-VIP	ikke valgt
location	07.1-008 - undervisningslokale (60)
Teacher	Louison Cahen-Fourot (lcahenfo@ruc.dk)

International Public Economics (IPG)

time	09-12-2022 10:15 til 09-12-2022 14:00
forberedelsesnorm	ikke valgt
forberedelsesnorm D-VIP	ikke valgt
location	04.2-025 - teorirum (40)
Teacher	Louison Cahen-Fourot (lcahenfo@ruc.dk)

International Public Economics (IPG)

time	12-12-2022 10:15 til 12-12-2022 14:00
forberedelsesnorm	ikke valgt
forberedelsesnorm D-VIP	ikke valgt
location	04.2-025 - teorirum (40)
Teacher	Camilla Jensen (camje@ruc.dk)

International Public Economics - Submission of assignment

time	06-01-2023 10:00 til 06-01-2023 10:00
forberedelsesnorm	ikke valgt
forberedelsesnorm D-VIP	ikke valgt

International Public Economics - Oral exam

time	16-01-2023 08:00 til 19-01-2023 18:00
forberedelsesnorm	ikke valgt
forberedelsesnorm D-VIP	ikke valgt

International Public Economics - Resubmission of assignment

time	13-02-2023 10:00 til 13-02-2023 10:00
forberedelsesnorm	ikke valgt
forberedelsesnorm D-VIP	ikke valgt

International Public Economics - Oral reexam

time	20-02-2023 08:00 til 20-02-2023 18:00
forberedelsesnorm	ikke valgt
forberedelsesnorm D-VIP	ikke valgt