

**Course Title : Contemporary Issues of the World Economy**

**Course Level : MA**

**Course Type : Optional**

**Credits : 4**

**Course Code : IE 533**

**Instructor : Dr. Ajeet Kumar Sahoo**

**Evaluation : Mid-term (50%) and End-term (50%). The evaluation may include individual and /or group assignment/s.**

### **Course Objective:**

This course provides a comprehensive understanding of the evolving world economy by integrating historical perspectives, contemporary dynamics, and policy analysis. It integrates theoretical frameworks and case studies to develop informed, interdisciplinary insights into the challenges and strategies shaping the 21st-century multipolar world economy.

### **Course Overview:**

This course offers an in-depth study of the structures, forces, and actors that shape the global economic landscape. The course explores how trade, finance, production, and technology interlink national economies into an integrated world system, while highlighting the growing complexity of global interdependence. Learners will engage with the historical evolution of the world economy — from mercantilism and industrialization to today's digital age — and critically assess the forces reshaping globalization, including economic nationalism, geopolitical rivalries, and financial transformation. The syllabus also addresses the rise of emerging markets, the challenges of debt sustainability, and the pressing issues of inequality and inclusive growth in a globalized world. Combining theoretical insights with contemporary case studies, the course prepares learners to understand the risks, opportunities, and policy choices that define the world economy in the 21st century.

### **Learning Outcomes:**

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

- i). Understand the evolution and foundational structures of the world economy.
- ii). Explore contemporary global economic trends and shocks.
- iii). Critically evaluate global policy responses.
- iv). Analyse the role of emerging markets and the Global South.
- v). Interpret empirical evidences and real-world case studies

## MODULE 1: INTRODUCTION TO THE WORLD ECONOMY

This module introduces the world economy's structure, defining its scope and distinguishing it from the international economy. It explores global interdependence, the systemic linkages connecting nations, and the core components shaping economic flows. Learners will examine the roles of key actors — states, firms, and international institutions — in managing this complex system.

### **Focus:**

#### **1.1 Defining the World Economy**

-Global Interdependence and systemic linkages, connection of national economies through trade, investment, technology, and financial flows, making shocks and opportunities global.

#### **1.2 Difference between World Economy and International Economy**

-The global economic system as a whole versus focus on interactions between states.

#### **1.3 Core Components and Key Actors of the World Economy**

-States, firms, institutions, and financial markets collectively driving the flows of goods, capital, labour, and ideas worldwide.

#### **1.4 Contemporary Characteristics of the World Economy**

-Digitalization, shifting economic power, financial integration, and geopolitical tensions

#### **1.5 Why Understanding the World Economy Matters**

-Role of the world economy for navigating global risks, opportunities, and shaping effective policy and strategy.

### **Readings:**

#Siebert, H. (2007). *The world economy: A global analysis* (3rd ed.). Routledge. (1. *The Global View*)

#Frieden, J., Lake, D., & Broz, J. (2017). *International Political Economy: Perspectives on Global Power and Wealth* (6th ed.). New York: W.W. Norton. (Chapter 1, 2 and 12)

O'Brien, R., & Williams, M. (2016). *Global political economy: Evolution and dynamics* (5th ed.). Palgrave Macmillan. (Chapter 1-5)

Baldwin, R. (2016). *The great convergence: Information technology and the new globalization*. Harvard University Press. (Chapter 1, 2 and Epilogue)

#Sümer, L. (2023). *The world economy and financial system: A paradigm change offering a sustainable approach*. Palgrave Macmillan Cham (Chapter 1)

## MODULE 2: HISTORICAL EVOLUTION OF THE WORLD ECONOMY

This module explores the historical evolution of the global economy, tracing key developments from mercantilism and early global trade to the industrial revolutions and the rise of global financial systems. It examines the impacts of world wars, the Bretton Woods system, neoliberal economic shifts, and the transformation of global supply chains. The module concludes with

an analysis of post-2008 challenges, such as financial crises, digital trade, and increasing fragmentation in global economic systems.

### **Focus:**

#### **2.1 Mercantilism, Empire, and Early Global Trade**

-The rise of global commerce in the age of European expansion; colonialism, trade monopolies, and the mercantile world order.

#### **2.2 The First Globalization (1870–1914): Capital, Labour, and Commodity Flows**

-Industrial revolution, gold standard, and the emergence of global financial and migration systems.

#### **2.3 The Interwar Breakdown and the Bretton Woods Settlement (1918–1945)**

-Great Depression, protectionism, and the post-World War II architecture: IMF, World Bank, GATT.

#### **2.4 The Neoliberal Turn and the Rise of Global Supply Chains (1970s–2008)**

- Deregulation, financial globalization, offshoring, and the formation of global production networks.

#### **2.5 Post-2008 World**

-Global financial crisis, emerging markets' rise, digital trade, and recent deglobalization pressures.

### **Readings:**

#Findlay, R., & O'Rourke, K. H. (2007). *Power and Plenty: Trade, War, and the World Economy in the Second Millennium*. NJ: Princeton University Press (Chapter 2 and 10)

#Sümer, L. (2023). *The world economy and financial system: A paradigm change offering a sustainable approach*. Palgrave Macmillan Cham (Chapter 2-3)

Zinkina, J., Christian, D., Grinin, L., Ilyin, I., Andreev, A., Aleshkovski, I., Shulgin, S., & Korotayev, A. (2019). *A big history of globalization: The emergence of a global world system* (World-Systems Evolution and Global Futures). Springer International Publishing.

Keohane, R. O., & Nye, J. S. (2000). Globalization: What's new? What's not? (And so what?). *Foreign Policy*, 118, 104–119.

Stiglitz, J. E. (2017). *Globalization and its discontents revisited: Anti-globalization in the era of Trump*. W.W. Norton & Company.

Bordo, M. D., & Eichengreen, B. (1999). *Is globalization today really different than globalization a hundred years ago?* NBER Working Paper No. 7195. National Bureau of Economic Research. <https://doi.org/10.3386/w7195>

Arkhipov, A.Y. and Yeletsky, A.N. (2021), Modern globalization: development of glocalization and fragmentation of the world economy. *International Journal of Sociology and Social Policy*, 41 (1/2), 224-238. <https://doi.org/10.1108/IJSSP-03-2020-0076>

### **Module 3: Global Financial Architecture and Debt Sustainability**

This module explores the institutions, rules, and power dynamics that shape global finance. Learners will analyse sovereign debt crises, IMF and World Bank roles, China's emergence as a global lender, and the growing debate around Special Drawing Rights (SDRs) and alternative

reserve currencies. Emphasis is placed on understanding debt sustainability, transparency, and conditionality challenges — especially for developing and emerging economies in an era of geopolitical tension and post-pandemic debt overhangs.

## **Focus:**

### **3.1 The Evolution of the Global Financial Architecture**

From Bretton Woods to post-2008 reforms: IMF, World Bank, BIS and regional institutions.

### **3.2 Sovereign Debt Crises and Restructuring Mechanisms**

Historical cases, Collective Action Clauses (CACs), Paris Club vs. China's bilateral lending.

### **3.3 SDRs, Reserve Currencies, and the Push for Monetary Reform**

IMF Special Drawing Rights, U.S. dollar dominance, digital currencies, and calls for reform.

### **3.4 Debt Sustainability, Transparency and Conditionality in a Changing World**

Global debt distress post-COVID, developing country vulnerabilities, transparency initiatives like the G20 Common Framework and the World Bank Debtor Reporting System.

## **Readings:**

#Eichengreen, B. (2019). *Globalizing capital: A history of the international monetary system* (3rd ed.). Princeton University Press.

#Horn, S., Reinhart, C. M., & Trebesch, C. (2021). China's overseas lending. *Journal of International Economics*, 133, 103539. <https://doi.org/10.1016/j.jinteco.2021.103539>

Ocampo, J. A. (2017). Resetting the international monetary non-system. *Oxford University Press (Chapter 1 and 7)*

Reinhart, C. M., & Rogoff, K. S. (2010). Growth in a time of debt. *American Economic Review: Papers & Proceedings*, 100(2), 573–578. <https://doi.org/10.1257/aer.100.2.573>

Bolton, P., Buchheit, L., Gulati, M., Panizza, U., & Weder di Mauro, B. (2020). Sovereign debt standstills in the COVID-19 era. *CEPR Policy Insight No. 103*. <https://cepr.org/publications/policy-insight-103-sovereign-debt-standstills-covid-19-era>

## **Case Study: Zambia's Debt Crisis and the G20 Common Framework**

#Grigorian, D. A., & Bhayana, A. (2024). *Zambia: A case study of sovereign debt restructuring under the G20 Common Framework* (CGD Working Paper No. 707). Center for Global Development. <https://www.cgdev.org/publication/zambia-case-study-sovereign-debt-restructuring-under-g20-common-framework>

## **Summary:**

This case study examines Zambia's sovereign debt distress, its default in 2020, and subsequent negotiations under the G20 Common Framework — especially the complexities introduced by large-scale, non-Paris Club bilateral loans from China. The study shows how lack of transparency and underreported debts (especially related to Chinese state-owned lenders) created major obstacles to restructuring, offering valuable lessons for global debt sustainability frameworks.

## MODULE 4: GEOFINANCE AND ECONOMIC NATIONALISM

This module explores how states use economic instruments — trade policy, finance, and technology — as tools of geopolitical strategy. As globalization fragments, nations increasingly apply tariffs, sanctions, and investment screening to pursue national interests. Learners will examine great-power rivalry, market weaponization, and shifting global institutions, with focus on U.S.–China tensions, European strategic autonomy, and the growing role of industrial policy in securing economic sovereignty.

### **Focus:**

#### **4.1 Strategic Use of Trade and Investment as GEOFINANCE Tools**

- Usage of tariffs, export controls, and investment screening to advance political and security objectives.

#### **4.2 Weaponization of Finance and Technology**

-SWIFT sanctions, semiconductor export bans, and control of global tech supply chains as instruments of statecraft.

#### **4.3 Economic Statecraft in Great Power Rivalry**

-U.S.–China competition, sanctions on Russia, and Europe’s struggle for strategic autonomy.

#### **4.4 Global Market Fragmentation and the Return of Industrial Policy**

-Subsidy wars, reshoring strategies, and the revival of national industrial strategies (e.g., U.S. CHIPS Act, EU Green Industrial Plan).

### **Readings:**

#Blackwill, R. D., & Harris, J. M. (2016). War by other means: GEOFINANCE and statecraft. *Harvard University Press*. (Chapter 1, 3, 12)

\*Farrell, H., & Newman, A. L. (2019). Weaponized interdependence: How global economic networks shape state coercion. *International Security*, 44(1), 42–79. [https://doi.org/10.1162/isec\\_a\\_00351](https://doi.org/10.1162/isec_a_00351)

\*Quaglia, L., & Verdun, A. (2023). Weaponization of finance: European Central Banks and financial sanctions against Russia. *West European Politics*, 46(5). doi:10.1080/01402382.2022.2155906

Baccini, L., & Urpelainen, J. (2019). International institutions and domestic politics: Can preferential trading agreements help leaders promote economic reform? *The Journal of Politics*, 81(1), 273–289. <https://doi.org/10.1086/700200>

\*D’Ambrosio, A., Lavoratori, K. Reshoring to survive? The other side of de-globalization. *J. Ind. Bus. Econ.* (2025). <https://doi.org/10.1007/s40812-025-00342-7>

International Monetary Fund. (2024). *The pitfalls of protectionism: Import substitution vs. export-oriented industrial policy* (IMF Working Paper No. 24/086). International Monetary Fund. <https://www.elibrary.imf.org/view/journals/001/2024/086/article-A001-en.xml>

Schindler, S., Alami, I., DiCarlo, J., Jepson, N., Rolf, S., Bayırbağ, M. K., ... Zhao, Y. (2023). The Second Cold War: US-China Competition for Centrality in Infrastructure, Digital, Production, and Finance Networks. *Geopolitics*, 29(4), 1083–1120. <https://doi.org/10.1080/14650045.2023.2253432>

Malkin, A., & He, T. (2023). The geoeconomics of global semiconductor value chains: extraterritoriality and the US-China technology rivalry. *Review of International Political Economy*, 31(2), 674–699. <https://doi.org/10.1080/09692290.2023.2245404>

## Module 5: Emerging Markets and the Global South

This module explores the rise, transformation, and global integration of emerging markets. Learners will examine the structural shifts from agriculture to industry and services, capital flow volatility, debt fragility, and the role of South–South cooperation. The module highlights modern development models beyond the Washington Consensus and focuses on the increasing influence of economies like China, India, and Brazil in shaping trade, finance, and global governance.

### **Focus:**

#### **5.1 Defining Emerging Markets: Classifications, Characteristics, and Critiques**

- Classification of emerging economies (by the institutions like the IMF, MSCI, and World Bank); structural commonalities and evolving critiques of the category.

#### **5.2 Structural Transformation: Industrialization, Services, and Global Value Chains**

- Evolution of the global south economies from agriculture to industry and services, and their integration into global production networks.

#### **5.3 Capital Flows, Financial Fragility, and the “Original Sin” Problem**

- Currency mismatches, external debt vulnerabilities, and crises — from the 1997 Asian Financial Crisis to modern debt distress episodes.

#### **5.4 South–South Cooperation and Alternative Development Models**

- Investigation of BRICS, the Belt and Road Initiative, Africa’s AfCFTA, and the search for development pathways beyond the Washington Consensus.

#### **5.5 The Rise of India, China, and Middle-Income Economies in the Global Order**

- Assessment of the emergence of large emerging economies as global growth drivers and their influence on trade, governance, and multilateral institutions.

### **Readings:**

#Pels, J., & Kidd, T. (2012). Characterizing emerging markets. *Organizations and Markets in Emerging Economies*, 3(2), 8–21.

Gereffi G. Global Value Chains, Development, and Emerging Economies. In: *Global Value Chains and Development: Redefining the Contours of 21st Century Capitalism. Development Trajectories in Global Value Chains*. Cambridge University Press; 2018:343-380.

#Eichengreen, B., Hausmann, R., & Panizza, U. (2005). The pain of original sin. In B. Eichengreen & R. Hausmann (Eds.), *Other people's money: Debt denomination and financial instability in emerging-market economies* (pp. 13–47). University of Chicago Press.

Akyüz, Y. (2017). *Playing with Fire: Deepened Financial Integration and Changing Vulnerabilities of the Global South*. Oxford University Press (Chapter 1 and 2)

Lin, J. Y., & Wang, M. (2025). China and the Global South: A Strategic Partnership for Development. *Forum for Development Studies*, 1–25. <https://doi.org/10.1080/08039410.2025.2467652>

Subramanian, A. (2011). Eclipse: Living in the shadow of China’s economic dominance. *Peterson Institute for International Economics*.

Wade, R. H. (2011). Emerging world order? From multipolarity to multilateralism in the G20, the World Bank, and the IMF. *Politics & Society*, 39(3), 347–378.  
<https://doi.org/10.1177/0032329211415503>

### **Case Study: The African Continental Free Trade Agreement (AfCFTA)**

<sup>#</sup>CUTS International, Geneva. (2020). *The African Continental Free Trade Agreement: Opportunities and challenges*.  
[https://www.researchgate.net/publication/347946928\\_The\\_African\\_Continental\\_Free\\_Trade\\_Agreement\\_Opportunities\\_and\\_Challenges\\_STUDY](https://www.researchgate.net/publication/347946928_The_African_Continental_Free_Trade_Agreement_Opportunities_and_Challenges_STUDY)

**Summary:** This case focuses on the creation of AfCFTA as a landmark effort to deepen economic integration in the Global South. It explores how African nations aim to reduce trade barriers, foster industrialization, and shift from dependence on external trade partnerships toward intra-regional cooperation, challenging the traditional North-South trade paradigm.

## **Module 6: Digital and Platform Economies**

This module explores the economic implications of digital and platform-based business models in the modern economy. Key topics include market concentration, the role of data in value creation, cross-border data flows, algorithmic pricing, and the economic consequences of AI on labour markets. The module also covers the challenges of regulating digital giants, digital taxation, and issues of digital sovereignty within global trade frameworks.

### **Focus:**

#### **6.1 Market Concentration and Monopoly Power in Digital Platforms**

— The economic logic of "winner-takes-most" dynamics, network effects, and market dominance in platform-based business models.

#### **6.2 Data as a Factor of Production and Source of Competitive Advantage**

— The role of data in value creation, data monetization, privacy issues, and the economics of digital surveillance.

#### **6.3 Cross-Border Data Flows and the Geopolitics of Digital Trade**

— Digital sovereignty, and conflicts between open data architectures and national security concerns.

#### **6.4 Algorithmic Pricing, Artificial Intelligence, and Labour Market Transformations**

— AI and algorithms reshaping pricing, platform governance, labour relations (gig economy), and antitrust challenges.

### **Readings:**

<sup>#</sup>Calvano, E., & Polo, M. (2021). Market power, competition and innovation in digital markets: A survey. *Information Economics and Policy*, 54, 100853.  
<https://doi.org/10.1016/j.infoecopol.2020.100853>

<sup>#</sup>Jullien, B., & Sand-Zantman, W. (2021). The economics of platforms: A theory guide for competition policy. *Information Economics and Policy*, 54, 100880.  
<https://doi.org/10.1016/j.infoecopol.2020.100880>

Ouyang R. (2024). Data as a factor of production promoting the deep integration of the digital economy and the real economy: Theoretical logic and analysis framework. *Front. Econ. China*, 2024, 19(2): 129–153 <https://doi.org/10.3868/s060-018-024-0006-1>

Floridi, L. (2020). The fight for digital sovereignty: What it is, and why it matters, especially for the EU. *Philos. Technol.* **33**, 369–378. <https://doi.org/10.1007/s13347-020-00423-6>

Meltzer, J. P. (2019). Governing digital trade. *World Trade Review*, **18**(S1), S23–S48. <https://doi.org/10.1017/S147474561800031X>

<sup>#</sup>Khan, L. M. (2017). Amazon's antitrust paradox. *Yale Law Journal*, **126**(3), 710–805. <https://www.yalelawjournal.org/note/amazons-antitrust-paradox>

## **Case Study: Antitrust and Platform Power — The European Commission vs. Google**

<sup>#</sup>European Commission. (2018). **Antitrust: Commission fines Google €4.34 billion for illegal practices regarding Android mobile devices to strengthen dominance of Google's search engine.** Case AT.40099. Brussels: European Commission. [https://ec.europa.eu/commission/presscorner/detail/en/IP\\_18\\_4581](https://ec.europa.eu/commission/presscorner/detail/en/IP_18_4581)

### **Summary:**

This case explores Google's leveraging of its Android operating system to strengthen its monopoly in search — a landmark ruling highlighting network effects, data-driven dominance, and the limits of European digital sovereignty within global platform economies.

## **Module 7: The Future of Globalization**

This module explores whether globalization is retreating, slowing, or evolving. It examines shifting trade patterns, the rise of digital and regional integration, geoeconomic rivalry, and the political backlash against open markets. Learners will critically assess the future of global governance, trade in services and data, and the economic nationalism reshaping international cooperation in the 21st century.

### **Focus:**

#### **7.1 Deglobalization vs. Slowbalization**

- Definitions and distinctions, the world is witnessing a genuine retreat from globalization or simply a deceleration and reconfiguration of global economic integration.

#### **7.2 The Rise of Regionalism and Plurilateral Trade Agreements**

- The shift from multilateralism (WTO-led) to regional deals like RCEP, CPTPP, USMCA.

#### **7.3 The Political Economy of Globalization's Backlash**

- Inequality, job displacement and cultural anxiety fuelling protectionism, populism, and nationalist trade agendas.

#### **7.4 Digital Globalization: Trade in Data, Services, and Intellectual Property**

- Increasingly digital global economic flows (rather than physical), and its implications for future trade rules.

#### **7.5 The Role of Globalization in Shaping Inequality**

- Impact of trade, technology, financial flows, and global value chains on inequality across economies, reasons of varying impacts between advanced and emerging markets.

## Readings:

#Goldberg, L., & Reed, R. L. (2023). *Is the global economy deglobalizing?* Brookings Papers on Economic Activity. [https://www.brookings.edu/wp-content/uploads/2023/03/BPEA\\_Spring2023\\_Goldberg-Reed\\_unembargoed.pdf](https://www.brookings.edu/wp-content/uploads/2023/03/BPEA_Spring2023_Goldberg-Reed_unembargoed.pdf)

#Aspenia. (2020). *Deglobalization or slowbalization?* Aspenia Online. <https://aspeniaonline.it/deglobalization-or-slowbalization/>

Chinese Academy of Social Sciences. (2024). *New trends of RCEP, CPTPP, and other RTAs.* In *Annual Report on World Economy 2023* (Chapter 6). Institute of World Economics and Politics. [https://en.iwep.org.cn/publications/publications\\_books/202408/W020240813565336898228.pdf](https://en.iwep.org.cn/publications/publications_books/202408/W020240813565336898228.pdf)

Katada, S. N. (2021). *The rise of plurilateral trade agreements and the future of trade in the Indo-Pacific.* National Bureau of Asian Research. <https://www.nbr.org/publication/the-rise-of-plurilateral-trade-agreements-and-the-future-of-trade-in-the-indo-pacific/>

Park, I. (2023). *Comparison of the Regional Comprehensive Economic Partnership (RCEP) and other Free Trade Agreements (FTAs).* ERIA Discussion Papers. <https://www.eria.org/uploads/media/discussion-papers/FY22/Comparison-of-the-Regional-Comprehensive-Economic-Partnership-%28RCEP%29-and-Other-Free-Trade-Agreements-%28FTAs%29.pdf>

Autor, D. H. (2020). *The political economy of the globalization backlash.* In **Trade and Labour Markets** (Chapter 12). Princeton University Press. <https://www.degruyter.com/document/doi/10.1515/9780691198866-016/html>

Colantone, I., Ottaviano, G. I. P., & Stanig, P. (2021). *The backlash of globalization.* Centre for Economic Performance. <https://cep.lse.ac.uk/pubs/download/dp1800.pdf>

Baldwin, R. (2022). *The globalisation backlash.* VoxEU (CEPR). <https://cepr.org/voxeu/columns/globalisation-backlash>

Yu, P. K. (2023). *Digital trade and intellectual property.* In D. W. Drezner (Ed.), **Research handbook on digital trade** (Chapter 26). Edward Elgar Publishing. <https://www.elgaronline.com/abstract/book/9781800884953/book-part-9781800884953-38.xml>

Burri, M. (2023). *Digital transformation as a reshaper of global trade law.* In **Big Data and Global Trade Law.** Digital Trade Law. [https://digitaltradelaw.ch/wp-content/uploads/2023/05/Burri\\_-Digital-Transformation-as-a-Reshaper-of-Global-Trade-Law.pdf](https://digitaltradelaw.ch/wp-content/uploads/2023/05/Burri_-Digital-Transformation-as-a-Reshaper-of-Global-Trade-Law.pdf)

#Milanovic, B. (2016). Global inequality: A new approach for the age of globalization. *Harvard University Press (Chapter 4)*

Chancel, L., Piketty, T., Saez, E., & Zucman, G. (2022). World Inequality Report 2022. *World Inequality Lab.* (<https://wir2022.wid.world/>)

## Case Study: Regional Integration in Asia — The RCEP Agreement

<sup>#</sup>Petri, P. A., & Plummer, M. G. (2020). East Asia decouples from the United States: Trade war, COVID-19, and East Asia's new trade blocs. *Peterson Institute for International Economics Working Paper No. 20-9*. <https://www.piie.com/publications/working-papers/east-asia-decouples-united-states-trade-war-covid-19-and-east-asias-new>

### **Summary:**

This case study discusses the Regional Comprehensive Economic Partnership (RCEP) as a milestone in Asia-Pacific economic integration. The authors argue that RCEP, finalized during a period of U.S.-China trade tensions and COVID-19 disruptions, represents a pragmatic shift toward regionalism, as global supply chains and trade governance decelerate and reconfigure. The case highlights how countries hedge against global volatility by reinforcing intra-regional trade ties and lowering non-tariff barriers, thereby shaping a new architecture of regional globalization in the 21st century.

### **#Essential Readings**