What the Course is About

• How is the global economy governed?
• What is globalization and how far has it progressed?
• Is global economic governance keeping up with the pace of globalization?
• If not, what are the consequences?

We will use the idea of international economic regimes to talk about global governance.
Definition of a Regime

• A set of norms, rules, procedures and institutions which constrains the behavior of the members of the regime.

e.g., the World Trade Organization in Geneva, Switzerland.
## Organization of Spero and Hart

<table>
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<tr>
<th>Regimes</th>
<th>Periods</th>
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<td>Bretton Woods</td>
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<tr>
<td>Monetary</td>
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Three Traditional Schools

- Mercantilism
- Liberalism
- Marxism

Jean-Baptiste Colbert
Adam Smith
Karl Marx
Three Mercantilist Propositions

• Economic strength is a critical component of national power.

• Trade is to be valued for exports, but governments should discourage imports wherever possible.

• Some forms of economic activity are more valuable than others.

Three Liberal Propositions

• The purpose of economic activity is to enrich individuals not enhance the power of the state.

• Trade benefits all regardless of the level of imports vs. exports (trade balance).

• All productive activity is valuable; the key is to specialize in activities for which the country has comparative advantages.
Marxist Views

• Capitalism defined as private ownership of the means of production by capitalists; workers are paid wages by capitalists.

• Value of goods determined by labor used to produce them (labor theory of value).

• Capitalist never pay sufficient wages to compensate workers for the true value of their labor (class conflict) leading to revolution and the abolishing of capitalism.
## Comparing and Contrasting the Three Schools

<table>
<thead>
<tr>
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<th>Mercantilism</th>
<th>Liberalism</th>
<th>Marxism</th>
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<tbody>
<tr>
<td><strong>Most Important Actors</strong></td>
<td>The State</td>
<td>Individuals</td>
<td>Classes</td>
</tr>
<tr>
<td><strong>Role of the State</strong></td>
<td>Intervene in the economy to allocate resources</td>
<td>Establish and enforce property rights to facilitate market-based exchange</td>
<td>Instrument of the capitalist class, used to sustain the capitalist system</td>
</tr>
<tr>
<td><strong>Image of the International System</strong></td>
<td>Conflictual</td>
<td>Harmonious</td>
<td>Exploitative</td>
</tr>
<tr>
<td><strong>Proper Objectives of Economic Policy</strong></td>
<td>Enhance power of the state in the international system</td>
<td>Enhance aggregate social welfare</td>
<td>Promote an equitable distribution of wealth and income</td>
</tr>
</tbody>
</table>

Source: Oatley, p. 11.