

SYLLABUS

GO405E_0101_25

Geopolitics and International Business

ACADEMIC AREA	: FINANCE AND ACCOUNTING
PROGRAMME	:
PERIOD	: SPRING
COORDINATOR	: Ms. Céline AZEMAR
INSTRUCTOR(S)	: Dr. Thomas FLICHY DE LA NEUVILLE Ms. Céline AZEMAR
CONTACT HOURS	: 24 hours
STUDY TIME	: null hours (Class preparation, homework and assessments)
CREDITS	: 4.0 ECTS

PRE-REQUISITE MODULES :

None

MODULE DESCRIPTION :

The first part of the module examines the link between geopolitics and international business throughout history. It shows that great international trade structured ancient empires, like Rome. It examines the fundamental link between diplomats and bankers through the example of Gabriel-Julien Ouvrard, banker to the Directoire and the Empire. It shows the historical effects of state debt. Finally, it shows how financial blockades can be used as an international weapon. The first part of the module ends with an attempt to map geopolitics of finance. The second part of the module explores the intricate relationships between multinational enterprises (MNEs) and geopolitics. It begins by defining foreign direct investment (FDI) and multinational enterprises (MNEs), explaining why firms choose to become multinationals and how they organize their global production networks. The module then examines the factors influencing the location of FDI, emphasizing the host country characteristics that MNEs consider, particularly in relation to country risks and geopolitical dynamics. Finally, the module investigates the impact of MNEs on geopolitics, focusing on their significance for governments, the competitive dynamics they create among nations seeking to attract FDI, and the role of international agreements and multilateral institutions in moderating potentially harmful competition for investment.

CONTRIBUTION TO PROGRAMME LEARNING OBJECTIVES :

- Develop a sustainable strategic vision to Connect (eco-)systems #ConnectSystems

MODULE INTENDED LEARNING OUTCOMES (ILOs) :

ILO1: Assess the geopolitical constraints of international business ILO2: Understand the impact of geopolitical decisions over international affairs ILO3: Apply your geopolitical knowledge to your business aims. ILO4: Analyze the spatial impact of an international deal ILO5: Create a map of the geopolitics of finance ILO6: Explain key concepts about FDI, MNEs, and the organization of the production of MNEs ILO7: Analyze the determinants of the location of FDI including country risks and geopolitical dynamics ILO8: Evaluate the geopolitical impact of MNEs

TOPICS COVERED :

1 – Introduction to geopolitics and business 2 – Human aspects of geopolitics and business 3 – Geopolitics and business in historical perspective 4 – Contemporary aspects of geopolitics and business 5 – Geopolitics of finance 6 – Organization of the production of MNEs 7 – Geopolitics as a determinant of FDI 8 – The impact of MNEs and FDI on government behaviors

RESEARCH-LED TEACHING :

Thomas Flichy de La Neuville, Financial power in Ancient Rome, 2022 Roman financial life cannot be easily deciphered to the extent that the handling of money remained for a long time a shameful activity contravening the ideal of otium of the aristocracy. The senatorial class is, however, very involved in business: it widely lends at interest and invests in companies that exploit the Empire's mines. Its financial power nevertheless passes through nominees who are often slaves or freedmen. Below her, the Roman knights act in full light, pulling the threads of the societatis publicanorum to which the Roman State has outsourced many sovereign functions, notably the collection of taxes. These multinational publicans largely underpin the logic of imperial expansion and raise a fundamental question: would the slave-financiers have been the true masters of the republic? Céline Azémar's part of the module will be led by her research on FDI and tax competition. For instance, the following papers are particularly relevant for this module: • Azémar, C., Giroud, A. (2023) World Investment Report 2022: International tax reforms and sustainable investment. Journal of International Business Policy 6, 235–239. <https://doi.org/10.1057/s42214-023-00148-1>. • Azémar, C., Desbordes, R., Melindi-Ghidi, P. and J-P. Nicolai (2022) Winners and losers of the COVID-19 pandemic: An excess profits tax proposal", Journal of Public Economic Theory, PP 1-23, <https://doi.org/10.1111/jpet.12589> • Azémar, C., R. Desbordes and I. Wooton (2020) "Is International Tax Competition Only About Taxes? A Market-Based Perspective", Journal of Comparative Economics, 48, pp. 891-912. • Azémar, C., and R. Desbordes, (2010) "Short-Run Strategies for Attracting Foreign Direct Investment", The World Economy, 33, (7), 928-957.

CSR AND SUSTAINABLE DEVELOPMENT GOALS :

Sustainable business considers the geopolitical context in order to avoid geopolitical risks. Sessions 4 and 5 focus on this theme (SDG 16 - Peace, justice and strong institutions). Session 8 focuses on SDGs 1 (No poverty), 8 (decent work and economic growth) and 10 (reduced inequalities) by considering the effect of MNE activities on economic growth with a focus on developing countries.

CSR NB HOURS :

9

SUSTAINABLE DEVELOPMENT GOALS COVERED :

- 01 - No poverty
- 08 - Decent work and economic growth
- 10 - Reduced inequalities
- 16 - Peace, justice and strong institutions

TEACHING METHODS :

Lectures and interactive activities.

METHODS OF ASSESSMENT :

Continuous/Final	Group/Individual	Assessment	Weight	Duration	ILOs assessed
Continuous	Group	Participation or task completion	25%		5
Continuous	Individual	Participation or task completion	15%		6, 7, 8
Final	Individual	Final written exam	60%	3 hours	All

Assessment 1 details:

Create a map of the geopolitics of finance in 2025

Assessment 2 details:

Participation and quiz.

Assessment 3 details:

Essay type questions.

ACADEMIC INTEGRITY :

Academic misconduct encompasses various behaviors or actions that violate the principles of academic integrity, fairness, and honesty, thereby undermining the credibility of academic work, assessments, or research. Examples of academic misconduct include:

- Cheating
- Plagiarism
- Fabrication
- Gaining an unfair advantage
- Assisting others in committing academic misconduct, such as by utilizing generative AI
- Falsification of records or official documents
- Unauthorized access to restricted information or data
- Unauthorized or unethical use of generative AIS

Academic misconduct is a serious offense and can result in consequences such as module failure, research project failure, or even expulsion from the school. To prevent unintentional academic misconduct, it is essential to consult with your instructor to understand the specific rules and instructions pertaining to the use of AI in learning and assessment.

For more comprehensive information on academic integrity rules, principles, and disciplinary procedures, please refer to the Academic Integrity section of the Student Handbook.

BIBLIOGRAPHY :

Eichengreen, Barry. "International finance and geopolitics." Asian Economic Policy Review 19.1 (2024): 84-100. Masanori Hasegawa, The geography and geopolitics of the renminbi: a regional key currency in Asia, International Affairs, Volume 94, Issue 3, May 2018, Pages 535–552, <https://doi.org/10.1093/ia/iiy020> Weiss, Colin, Geopolitics and the U.S. Dollar's Future as a Reserve Currency (October, 2022). International Finance Discussion Paper No. 1359, Available at SSRN: <https://ssrn.com/abstract=4256436> or <http://dx.doi.org/10.17016/IFDP.2022.1359> Navaretti, G-B. and Venables, A.J. (2004). Multinational Firms in the World Economy, Princeton University Press (Textbook) [eBook <https://bit.ly/3yVV5L4>] World Investment Report 2024 "Investment facilitation and Digital Governments" https://unctad.org/system/files/official-document/wir2024_en.pdf

Additional Reading

MODULE PLAN SESSIONS :

Plan Session 01 :

Thomas Flichy de La Neuville - Introduction to geopolitics and business - The history of power: 50 centuries in 10 minutes - The world in 2025, main trends and challenges.

Plan Session 02 :

Thomas Flichy de La Neuville - Human aspects of geopolitics and business - The different types of leaders - Why do organizations grow or collapse? The analysis of Arnold Toynbee.

Plan Session 03 :

Thomas Flichy de La Neuville - Geopolitics and business in historical perspective Geopolitics and international business in ancient Rome - The financial domination of the roman aristocracy, its role in the societatis publicanorum, ancestors of multinational companies. How did the negociatores plunder the conquered provinces. - The professionals of finance, secondary actors of the geopolitical domination of Rome. Gabriel-Julien Ouvrard, a banker in politics (1770-1846) - An intuitive player who is able to develop a huge international network - The player becomes the banker of the State - When Bonaparte ruins the supposed extortionist

Plan Session 04 :

Céline Azémar - Multinational enterprises (MNEs) and Foreign Direct Investment (FDI) - Definition, measures and trends - WIR 2024 - OLI paradigm, horizontal FDI, vertical FDI, more complex FDI.

Plan Session 05 :

Céline Azémar - The determinants of FDI and MNEs locations - Market size, trade costs - Country Risks and the role of geopolitics

Plan Session 06 :

Céline Azémar - The effects of MNEs on geopolitics - Importance of MNEs for governments: difference between MNEs and domestic firms, effect of MNE activities on the host country (contribution to economic growth, Total Factor Productivity growth, channels) - Tax competition between governments to attract MNEs - Global agreements affecting MNE behaviors: the role of the OECD and the United Nations

Plan Session 07 :

Thomas Flichy de La Neuville - Contemporary aspects of geopolitics and business The geopolitical effects of high indebtment - Placing the foreign policy under trusteeship : example Haiti during the 19th century - The armies become the mercenaries of the State's creditors : example Cuba in 1960 - Dividing the territory : Genoa gives Corsica to France under Louis 15th. Financial blockades - The geopolitical purposes of geopolitical blockades - Financial blockades at different levels - The blockade as a generator of financial opportunities

Plan Session 08 :

Thomas Flichy de La Neuville - Geopolitics of finance - The tapestry of power, financial framework and political chain - The territory of geofinance.