

GLOBAL ECONOMICS AND TRADE (Unit I - China)

SEMINAR SYLLABUS

Washington Semester Program American University

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Seminar Days: Mondays, Tuesdays & Wednesdays
8 Credit Hours

“Generations from now, when historians write about these times, they might note that by the turn of the 21st century, the ~~United States~~ West had succeeded in its great, historical mission—globalizing the world. We don't want them to write that along the way, we forgot to globalize ourselves”

(quote altered from Fareed Zakaria, *The Post-American World: The Rise of the Rest.* excerpt in *Newsweek*, May 12, 2008)

Introduction: Why are we going to China?

The International Business and Trade Seminar at the Washington Semester provides an up-close examination of international trade and entrepreneurship within what Fareed Zakaria, editor of *Newsweek*, has, in his recent book, suggested as the “Post-American World” or the “Rise of the Rest”. While the earlier phases of globalization were driven by Western powers -- by Europe in the 19th century, and by the US in the 20th century -- the 21st century finds China and India at the epicenter of Thomas Friedman’s “flat world”. For centuries considered bywords for poverty and misery, their rapid rise over the relatively short span of some 30 years has fundamentally altered the global trade, investment, and financial landscape. And, as China, along with India, transforms herself, the resulting reverberations are upending existing economic, political, and social environments -- national and global. The existing international framework of rules favored by the West—for trade, investments, security, and the environment -- is increasingly being challenged. The collapse of the WTO-sponsored Doha trade negotiations in Geneva -- an outcome that was explicitly attributed to the veto power exercised by India, and supported by China -- is only the most recent illustration of the challenge posed by the rise of these two giants. The hope that the forces of globalization could be managed within a multilateral setting, anchored by a shared set of values and goals, may no longer be a realistic one. At the same time, the opening of India and China to the global market provides tremendous opportunities to the rest of the world -- for prosperity, innovation, knowledge, and progress. Yet, these countries have to contend with multiple challenges that affect us all -- including global warming, poverty, the rise of Islamic extremism, food & energy security, etc.

What does all this mean for those future entrepreneurs and leaders amongst you who will need to act in this new world? As an investor in these emerging markets how would you evaluate country specific risks for your business? And how much could you rely on the various multilateral forums, market instruments, and global or bilateral enforcement mechanisms to lower your risks and protect your returns? Or, as an NGO, what would you expect in terms of agreement on common goals with like-minded partners in these countries? The slogan, “think global, act local” really means that as globalization increases, your ability to act will increasingly depend on the extent of your “local knowledge” – i.e. of the countries and people you will need to engage with. One cannot hope to engage with India and China merely through international forums and treaties – the U.N., WTO, Kyoto, etc. These countries will need to be understood on their own terms – their history, the values their people uphold, the changes being experienced, and their expectations for the future. Such local knowledge is crucial if you are to gain a better understanding of the opportunities and problems that globalization presents.

Your study tour to China will widen the already significant opportunities that Washington Semester offers you for exposure to prominent entrepreneurs, key policy makers, and scholars at the various think tanks, multinational corporations, US federal agencies, NGOs, lobbyists and multilateral institutions in the US capital. Your visits to the main urban centers in China -- Beijing, Shanghai, and Hong Kong -- will include visits with various local and multinational firms, academic institutions and think tanks, business and trade associations. During the tour we will also visit cultural and historic landmarks such as the Forbidden City and the Summer Palace; climb the Great Wall of China; and imbibe Chinese culture, music and food.

Your Seminar in Washington DC: Course Description and Requirements

Your seminars in Washington DC will provide an overview of the many issues and concerns associated with international business and trade, from both a conceptual and geographical perspective. Invited speakers and visits to Washington, DC institutions and corporations will augment the Seminar with lectures. The objective is to blend theoretical aspects with practical applications.

Upon completion of the course, students will have an appreciation and understanding of: the general nature of globalization, and its impact on (and interrelationships among) states, firms and individuals. Other targets are the global trade and investment environment, including differences in political economy, international trade theory, foreign direct investment and regional integration; as well as the global monetary system, including the foreign exchange market, international monetary system and global capital markets. While the course focuses on assigned studies on China and India, it also addresses common issues faced by multinational firms (and managers) such as strategy, organization, decision-making, ethics, culture, and finance; and countries in such regions as Europe, Africa, and the Americas. In addition, you will also develop an understanding of the many resources, print and electronic, available for studying the issues surrounding international business and trade. These should also enhance skills for researching and communicating position on issues of importance in international business and trade.

My goal is for you to leave this course with the ability to analyze the **economics** and **politics** of international business in a sophisticated manner so you can be more effective in the market place. More specifically, the course objectives are: 1. Understand the different challenges business face

when they operate in an international environment; 2. Examine the various cultural, political and legal issues that impact international business activity; 3. Examine the international institutions and practices that impact international business; 4. Understand trade and investment theory, foreign exchange and the determination of foreign exchange rates; 5. Appreciate the interaction of business and government as they relate to economic development and commerce; and 6. Develop insight into the management implications of international business strategy and operations.

**Please note that the IBT sections have various and sometimes-different requirements, but portions of each section's syllabus are the same.

Course Overview

The course is structured logically around two interrelated aspects of international business and trade: 1) the concepts and institutions of international business and trade, and 2) and the regions in which IBT takes place and the challenges international firms are faced with such as strategy, organization, ethics, and finance. We will study and evaluate how business respond and adapt to fundamental changes in their environment – national and global.

First Half of the Course

The Concepts and Institutions of International Business and Trade

The first half of the semester will focus on the environment in which international business and trade are conducted. Providing a macro view of international business and trade, we will initially discuss the globalization phenomenon in general, focusing on the many political, and economic issues and concepts surrounding international business and trade. A discussion of the modern global economic system and the important institutions that support the system - within the overall framework of international trade theory, monetary policy, development, foreign exchange markets, the international monetary system, and the global capital markets will follow.

Second Half of the Course

The Rise of China

The second half of the semester will focus on the rise of China, along with the BRICS countries (Brazil, Russia, India, and China) -- as famously described in the Goldman Sachs Global Economic Paper – and the implications it suggests for the rest of the world. We will explore both the history and political economy of China, while exploring the impact its rise has on the rest of the world.

**As appropriate, during the semester, we may highlight additional special topics in international business that impacts the global economic system or the manner in which firms conduct their global operations.

Course Methodology

Washington, DC is our classroom. To take advantage of this asset we will utilize numerous techniques to address the topics on international trade and investment, each serving to complement the other. These include a combination of class lecture and discussion (led by the instructor with contributions from the students) as well as guest lecturers and presentations (both at the Tenley Campus and at speaker locations - some travel required) from representatives of international

companies, government agencies, trade associations, embassies, multilateral institutions, and others, on related topics. In addition, we will incorporate case studies and other class exercises in the seminar as well as discussion of relevant current events.

Your internship will be on Thursday and Friday. The seminars (including guest lectures) will be held on Mondays, Tuesdays, and Wednesdays, except for the following days which will be added to your internship days (to make up for internship days missed during your travel to China and New York):

September 30(Wed), October 7(Wed), October 12(Mon) &14 (Wed), and October 21(Wed) will be all internship days.

Due to the nature of scheduling a significant number of speakers, we will only be able to schedule our lecture and speaker times on a weekly basis. I will post a copy of the next week's schedule on Blackboard by the end of the prior week and will notify you of this posting by email. Also, given the potential for speakers' scheduling changes, we must be fairly flexible in changing our schedule (although every attempt will be made to keep this to a minimum). In the event of a schedule change, an email will be sent to each seminar member. It is the student's responsibility to check email frequently and to help classmates stay aware of any changes. Further, while most speaker presentations will not typically go beyond 4:30 pm - it is possible that to meet their time requirements, we will schedule a limited number of speakers later than 4pm (and some talks downtown may go beyond 4pm as well).

During the semester, we will make use of the American University Blackboard system, an electronic classroom on the web. You **must** obtain access to this system (for our class) at the beginning of the semester. This should take place at the same time that you receive your Eagle Net account. After the first week, all schedules (including revisions), and additional materials (such as speaker bios or web links, etc.), as appropriate, will be posted to Blackboard and the student will be responsible for accessing and keeping current.

Required Books (available at the AU Bookstore and Amazon.com)

- Barma, Naazneen and Steven Vogel, *The Political Economy Reader: Markets as Institutions* (New York: Routledge, 2008).
- Bergsten, C. Fred, Charles Freeman, Nicholas R. Lardy, and Derek J. Mitchell, *China's Rise: Challenges and Opportunities* (Washington DC: CSIS Press, 2008).
- Chow, Gregory, *Knowing China* (Singapore: World Scientific Publishing Co. Ltd., 2004).
- Naughton, Barry, *The Chinese Economy: Transitions and Growth* (Cambridge, Massachusetts: MIT Press, 2007).
- Spero, Joan E, and Jeffrey A. Hart, *Politics of International Economic Relations*, 7 ed., (Belmont, CA: Wadsworth Publishing; 2010).

Recommended:

- Ming-Jer Chen, *Inside Chinese Business: A Guide for Managers Worldwide* (Boston: Harvard Business School, 2001).

Requirements and Grading

Midterm Exam	20%
Final Exam	20%
China Journal	10%
Research Papers (Case Study & China Paper)	25%
Participation (includes quizzes and headshot quiz)	25%

Midterm and Final Exam: Each exam will cover **all** material presented up to that point in the semester. This includes materials covered in the lectures, class discussions, videos, speaker presentations, discussions and any other materials addressed. The Final exam is comprehensive. There will be no make-up exams except for cases of documented medical or family emergencies. The exams will be approximately 2 hours in length, in-class, and closed book. Exams will include an essay, and short answer questions. A list of possible essay questions will be distributed approximately a week prior to the exam.

Case Study/Research Paper: During the first half of the semester, a 4 to 5 - page research paper will be due. This paper will be part of a group project and presentation. The paper will focus on one of the distributed case studies. This requirement will give you the opportunity to delve more deeply into a specific IBT case study and present it to the seminar in an interesting manner.

China SWOT Analysis/Research Paper: During the second half of the semester, a 4 to 5 - page research paper will be due. This paper will be part of a group project and presentation. The paper will either be a SWOT type investigative report on one of the multinational and local Chinese companies you will be visiting during your travel to China, or a research report on a seminar topic related to China. Additional information will be handed out later in the semester.

China Journal: You are to keep a journal of the seminars and cultural visits in China. A summary of your journal will be due on your on your return to the US. It should also include suggested revisions/updates to your previously submitted China SWOT Analysis/Research Paper, based on your seminars in China. The journal will be part of a group presentation after our return from China. Additional information will be handed out later in the semester.

Research paper format is to be on 8.5 by 11 inch paper, double spaced, 1 inch margins, 12 point Times New Roman font, numbered pages, and stapled. No exceptions. In addition to turning in a hard copy, each requirement must also be submitted as an attachment to an email to me.

Due dates for the research paper and group presentations will be announced later.

Extra Credits:

(5% points) Visit the Tenley Writing Studio – You may visit the writing studio for all requirements. To receive extra credit you must submit a proof-of-meetings receipt and any marked up drafts. For scheduling a Tenley Writing Studio appointment, see american.edu/ocl/tenleywritingstudio. Also available on Main Campus is the Writing Center <http://www.american.edu/academic.depts/cas/lit/writingcenter.cfm> and Writing Lab american.edu/ocl/writinglab

Participation: Due to the nature of the course, it is imperative that all students attend all sessions (both on and off campus) and that they come to each class **prepared to participate** in all discussions and all class interactions. Accordingly, attendance and participation are incorporated into the course requirements and grading system. I will make absentee allowances only for documented (e.g., physician's note) events. Thoughtful participation is the cornerstone of a seminar styled teaching environment, and mandatory for this course. Regular attendance, in addition to participating, will insure students the greatest exposure to the material (e.g., both lectures and speaker presentations) and to the insightful comments of their classmates (thereby learning not only from the instructor, but from one another as well). Over the course of the semester, every student must ask guest speakers several questions. Excellent questions that reflect prior preparation (keeping up with class readings, recommended web sites, and newspaper articles) will be noted. Arriving late or leaving early is not acceptable – **especially for guest presentations.** Set your watch to the Atomic Clock (NIST.time.gov). Being on time and prepared is a critical business habit and a requirement for this class.

Regarding the proper approach to guest lecturers - many speakers will be delighted to respond to questions from the class and you are encouraged to do so (again, this is also part of the participation portion of the class), but be considerate and polite in your questions and manner of addressing the speakers. Occasionally, you may have an opposing opinion on a particular topic - feel free to question the speakers, but do so in a professional manner, i.e., be courteous and attentive of those who have generously given us their time to share their thoughts, expertise, and valuable experiences with us. **Side conversations (whispering) during a guest speaker or seminar is unacceptable behavior.** If you have a question or comment, wait until the appropriate time and speak.

For seminar you are required to review that day's *New York Times*, global business sections (<http://www.nytimes.com/pages/business/global/index.html>). *Pay particular attention to that week's topic or articles that are relevant to the seminar.*

International networking and connections are an important part of the IBT program. A critical part of the IBT seminar experience is getting to know and learning from your peers. This is an excellent opportunity to create a strong bond with individuals who are from around the world and who have a common interest in international business. To start this process, during our first meeting, I will be taking head shots of each seminar member. These pictures will be posted on the IBT Blackboard site. You are responsible for learning each other's first name, major, and place of birth. A short quiz will be given approximately one week after the pictures are posted.

Quizzes: Over the course of the semester there will be 7 to nine pop quizzes on the weekly required reading that are listed at the end of this syllabus and on that day's *New York Times* global business section. A typical quiz will be three to five multiple choice questions. The quiz will take place at the start of class. Those who are late to class will not be permitted to take the quiz.

How to Succeed in this Course:

I want you to do well in this course. To achieve this, please pay serious attention to the following: **The due dates for the requirements for the course are firm. I will make allowance only for genuine, documented emergencies.** The exams are designed to test your ability not just to learn definitions, dates, and examples, but also to connect ideas and examples, and to explain the significance of central concepts drawn from the assigned readings, class lectures, guest speakers, and discussions.

You will do well in the course if you read actively and critically, participate in class discussions, and keep up with current events. While reading, note questions you might like to ask in class, and think critically about the points the authors are making. Ask yourself what is the author's central argument, does it make sense, and is there enough evidence to support it? Also, consider how the readings relate to my presentation and guest speakers. Some students dislike speaking up in class, but do have valuable points to make and questions to ask. Remember, people learn more by defending their own views than by passively absorbing what others have said. Also, I like to ask questions and hear from all members of the course, so keep up with the readings. Adopt a routine of reading various news sources on a daily basis. Ask yourself how world events illustrate the ideas and concepts we have discussed? Then integrate this thought process with the other elements of the course and you will be on your way to becoming an independent analyst of international business and trade.

Here are some suggestions for effective writing. Begin your work with a short summary introduction. Be sure to summarize your bottom line or thesis in a few sentences. A good summary in the introduction helps me or any other reader to grasp your argument from the outset. It also helps you diagnose problems with your answer. A good introduction can even make a full summary at the end redundant. Use your conclusion to explore the implications of your argument. Use empirical evidence — facts, numbers, and history — to support your argument. Purely deductive reasoning is sometimes appropriate but an argument backed by evidence is always more persuasive. Also, clearly frame your general points with appropriate evidence. Don't ask facts to speak for themselves. "Argue against yourself." After laying out your arguments, acknowledge questions or objections that a skeptical reader might raise, and briefly address them. This shows that you were thoughtful, thorough, and attentive to possible objections or alternate interpretations. Be sure to document all sources and statements of fact.

Good writing is essential to clear thinking and effective communications. So bear the following in mind: Write from an outline. Outlines are major aides to coherence and readability. Write short, declarative sentences. Avoid the passive voice. Start each paragraph with a topic sentence that distills the points of the paragraph. Finally, take care to turn in a neat, clean paper or exam. Budget your time so you are not rushed prior to handing in your work and use the Tenley Writing Studio.

Grading:

A 100-93

A- 92-90

B+ 89-87
 B 86-83
 B-82-80
 C+ 79-77
 C 76-73
 C-72-70
 D 69-60
 F 59 and less

ADA Statement:

If you have special needs as addressed by the Americans with Disabilities Act (ADA) and need assistance, please notify me immediately.

Academic Integrity Code:

Standards of academic conduct are set forth in the University's Academic Integrity Code which was provided to you in your orientation packet and is at American.edu. By participating in this program you have acknowledged your awareness of the Code, and you are obliged to become familiar with your rights and responsibilities under the Code. Violations of the Academic Integrity Code will be taken seriously, and disciplinary actions will ensue should such violations occur. Please see me if you have any questions about academic violations described in the Code in general or as they relate to particular requirements in this program.

Dress Code:

When we have seminar sessions with guest speakers on or off-campus, proper attire is required. This does not necessarily mean suit and tie or the equivalent (although that is welcome), but that excessively casual clothes (e.g. **jeans, t-shirts, and gym shoes**) are not appropriate. Remember, it is in your interest to make a good impression on guest speakers. For most of you, this is the beginning of your international business network.

Transportation:

The American University does not pay for transportation to seminars, internships, or research project interviews. Traffic is intense in the Washington area and parking can be a frustrating problem. Therefore, public transportation (Metrorail and Metrobus) is the best way to go. Please make sure you allow extra time to arrive at an off-campus seminar. We will generally travel as a group off-campus - you are encouraged to join. In general, it will be useful to obtain one of the Metrorail pocket maps early in the semester - it will be invaluable to you in your travels around town for school and personal trips.

Turning in Assignments

You may turn in your assignments to my Dunblane mailbox (room 113) or slide it under my office door (Dunblane 214). In addition, you must submit an e-copy. The penalty for turning in an assignment late is the subtraction from the grade of three points per 24 hours. The penalty begins immediately after the due time.

Key Dates:

Case Study /Research Paper Due: Monday, October 5 by 9:30am
Midterm Exam: Monday, October 19, 9-12 noon

China SWOT Analysis /Research Paper: Due: Monday, October 26 by 9:30am

China Journal: Monday, November 30 by 9:30am

Final Exam: Tuesday, December 8, 9-12 noon

Topics, Schedule, and Reading Assignments

The following is a general outline of our class schedule for the semester. Again, the intrinsic nature of a seminar course that uses guest speakers makes it impossible to have a definite schedule for all of our sessions for the entire semester. Therefore, at the end of each week, weekly schedules for the following week will be made available. Also, the list of readings indicated only applies to the text and other books purchased for the class – **there will be other readings assigned.**

Part I: The Political Economy of International Trade, Business, and Development

Week 1 (Week of Aug. 24) **Doing Business: Economic History of the 20th Century.**
Spero, chs. 1, 5 & 10.

Recommended <http://www.pbs.org/wgbh/commandingheights/>

Week 2 (Week of Aug. 31) **Ideas and Interests.**

Barma and Vogel, 21-116, 329-354:

The Wealth of Nations *Adam Smith*

The Communist Manifesto *Karl Marx and Friedrich Engels*

The National System of Political Economy *Friedrich List. B.*

The Road to Serfdom *Friedrich Hayek*

Capitalism and Freedom *Milton Friedman.*

The Virtues of Capitalism *Arthur Seldon*

Why Freer Markets Need More Rules *Steven Vogel*

Week 3 (Week of Sept. 7) **International Trade: Theory, Policy, and Experience**
Spero, ch. 3 & 7

Recommended: <http://www.wto.org/>

Week 4 (Week of Sept. 14) **Globalization.**

Spero, chs. 11 and Barma and Vogel, 483-546:

The Lexus and the Olive Tree *Thomas Friedman*

How Revolutionary Was the Digital Revolution? *Abraham Newman and John Zysman*

The Retreat of the State *Susan Strange*

Global Political Economy *Robert Gilpin*

Week 5 (Week of Sept. 21) **Economic Development, Aid and the World Bank (And Then: BRICS).**

Spero, ch. 6. and Barma and Vogel, 229-238 and 425-482:

The Wealth and Poverty of Nations *David Landes*

The Poverty of Development Economics *Deepak Lal*

The Myths of the Market and the Common History of Late Developers *Kiren Chaudhry*

The Mystery of Capital *Hernando De Soto*.

William Easterly, "Collectivism Vs. Freedom in Foreign Aid," in Economic Freedom of the World: 2006 Annual Report

Goldman Sachs, "Dreaming with BRICS: The Path to 2050." Global Economics Paper # 99, February 2003.

Recommended: <http://www.worldbank.org/>

Week 6 (Week of Sept. 28) **Federal Reserve and Foreign Direct Investment**
Spero, chs. 4 & 8

<http://www.federalreserve.gov/>

Week 7 (Week of Oct. 5) **International Monetary Flows and the International Monetary Fund.**

Spero, chs. 2 & 6 and Barma and Vogel, 355-424:

The End of Poverty *Jeffrey Sachs*

Globalization and its Discontents *Joseph Stiglitz*

China and Globalization *Doug Guthrie*.

Recommended: <http://www.imf.org/>

New York (Oct 7-8)

Part II: The Rise of China and Its Impact on the World

(Companion Book: Knowing China by Gregory Chow. Read Entire Book)

Week 8 (Week of Oct. 12) **The Rise of China I: Legacy and Transition**
Naughton, Introduction, chps.1-4

Mid-Term Exam: Monday, Oct 19: 9:00 am to 12 noon

Week 9 (Week of Oct. 19) **The Rise of China II: Chinese Characteristics**
Naughton chps. 5-9; 12-13; 15

Week 10 (Week of Oct. 26) **The Rise of China III: Chinese Characteristics Contd..**
Naughton chps. 16-17, 19

Week 11 (Week of Nov. 2) **The Rise of China IV: Challenge & Opportunity**
Bergsten, Entire Book.

Departure for China: Saturday, Nov 7

Week 12 (Week of Nov. 9): **In China**

Week 13 (Weeks of Nov. 16): **In China**

Week 14 (Week of Nov. 23) **Thanksgiving Break**

Week 15 (Weeks of Nov. 30) **Re-Imagining China**

Week 16 (Week of Dec. 7) **Exam Week**

FINAL EXAM: Tuesday, December 8, 10:00 am – 12 noon

EMERGENCY PREPAREDNESS

In the event of a declared pandemic (influenza or other communicable disease), American University will implement a plan for meeting the needs of all members of the university community. Should the university be required to close for a period of time, we are committed to ensuring that all aspects of our educational programs will be delivered to our students. These may include altering and extending the duration of the traditional term schedule to complete essential instruction in the traditional format and/or use of distance instructional methods. All faculty members will design alternative means of completing classes. Specific strategies will vary from class to class, depending on the format of the course and the timing of the emergency. Faculty will communicate class-specific information to students via AU e-mail and Blackboard, while students must inform their faculty immediately of any absence due to illness. Students are responsible for checking their AU e-mail regularly and keeping themselves informed of emergencies. In the event of a declared pandemic or other emergency, students should refer to the AU Web site (www.prepared.american.edu) and the AU information line at (202) 885-1100 for general university-wide information. AND contact their faculty and/or respective dean's office for course and school/college-specific information.