

TGM 505: STATES AND MARKETS IN THE GLOBAL ECONOMY

Dr. Roy Nelson

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Dr. Roy Nelson
Thunderbird School of Global Management

COURSE DESCRIPTION AND OBJECTIVES

Global managers operate in an international economy that presents tremendous opportunities as well as risks. Globalization has dramatically expanded opportunities for international trade, investment, and economic development. At the same time, global managers have to deal with the prospect of trade wars, international financial crises, and intensified competition over markets and resources. In addition, international organizations such as the International Monetary Fund, World Trade Organization and World Bank Group have a direct impact on international business operations. The overall objective of this course is to develop analytical tools for understanding the rapidly changing and dynamic global political economy. With these tools, managers will be better prepared to anticipate the risks and take advantage of the opportunities they will encounter in the global economy.

The specific objectives of this course are the following:

- To develop tools of analysis for understanding trends and developments in the global political economy
- To develop students' abilities to use these tools to assess international economic institutions such as the International Monetary Fund, World Trade Organization, and World Bank Group in order to implement more effective business strategies

GRADING

5 Quizzes.....	15% (3% each)
Midterm Research Paper.....	30%
Comprehensive Final Exam.....	40%
Weekly Reflections.....	15%

Your final grade is based upon your class standing (the sum of the quizzes, research project, final exam, and weekly reflection scores).

QUIZZES (15%)

You will take five (5) quizzes. These will test your comprehension of course material, including analytical frameworks/concepts, descriptive content, and cases, that we have covered as we proceed through the course. Each quiz accounts for 3% of your grade. Therefore all five quizzes account for 15% of your final grade.

Each assignment is to be completed individually without the assistance of others, and Thunderbird's Honor Code will be in effect. The honor code not only prohibits the sharing of answers, ***it also prohibits conveying the questions among each other before the time period for the assignment has expired.***

RESEARCH PAPER (30%) The research project is a 5-7 page (double-spaced) research paper applying the three worldviews - Liberal, Economic Nationalist, and Structuralist - to a current event in your country, or a recent situation that your country has experienced, related to the kinds of topics discussed in this course. Although historical events and situations can be considered, I strongly prefer that you assess recent or current events.

Below are the following areas that would be acceptable for this paper. I have numbered them for ease of reference – not to indicate that one kind of topic is preferable to another.

POSSIBLE PAPER TOPICS:

1. Trade Disputes. Has your country been involved in a trade dispute with another country? Was the WTO involved? Even if the WTO was not involved, you could write a paper about this. Be sure to cover the following points: 1) The source of the dispute; 2) the arguments put forth by both countries involved in the dispute; 3) how the dispute was resolved or is being resolved.

If the WTO was involved, you can explain the WTO's actions using all three worldviews, and explain whether you agree with the WTO's actions. If the WTO was not involved, you can explain your own government's actions from all three worldviews, and explain whether you agree with your government's actions.

2. Financial Crises. Has your country been involved in a financial crisis? Even if the IMF was not involved, you could write a paper about this. Be sure to cover the following points: 1) causes of the crisis; 2) the IMF (or the government's) response; 3) how the crisis was resolved or is being resolved.

If the IMF was involved, you can explain the IMF's actions using all three worldviews, and explain whether you agree with the IMF's actions. If the IMF was not involved, you can explain your own government's actions from all three worldviews, and explain whether you agree with your government's actions.

3. Other Topics. You may apply the three views to any other current event or situation in your country. For example, has the government of your country recently enacted any policies related to foreign direct investment or trade? Has it enacted any policies related to the currency or exchange rate? Explain this policy from the Liberal, Economic Nationalist, or Structuralist point of view.

It is due on **Monday, September 18 by 07:00 UTC.**

COMPREHENSIVE FINAL EXAM (40%)

The final exam is comprehensive, covering all the material you learned throughout the course. It will consist of multiple choice questions.

WEEKLY REFLECTIONS (15%)

Each week you will reflect on one of the two topics covered for that week.

Weekly Reflections will be evaluated as follows:

Understanding and Application - Responses reflect understanding and application of course content/ lessons

- Excellent = 10 points. Responses demonstrate solid understanding of how to apply the three views. Provided examples to support response.
- Good = 5 points. Responses demonstrate some understanding of how to apply the three views, but incomplete understanding of some of these views; no examples provided or examples did not support the answer.

- Poor = 0 points. No understanding of how to apply the three views.

Writing Style - Responses are written clearly (straight-forward, clean style, attention to final proofreading).

- Excellent = 10 points - Stays completely focused on topic and task. and clearly stated and grammar is flawless.
- Good = 5 points - Presents a unifying theme or main idea without going off on tangents, good style, few grammatical errors.
- Poor = 0 points - Many grammar errors, rambling sentences, lacks focus.

Graduate level work - Responses are of depth fitting to graduate-level team work: responses are succinct, rich with ideas, and comprehensive.

- Excellent = 10 points - Responses are of depth fitting to graduate-level work. Responses are succinct, rich with ideas, and comprehensive.
- Good = 5 points - Responses are of reasonable depth fitting to graduate-level work. Responses are succinct, with some ideas, and comprehensive.
- Poor = 0 points - Responses are not of depth fitting to graduate-level work. Responses are not succinct, lack ideas, and are not comprehensive.

Certificates and Degree Seeking Information

The following section gives detailed information regarding the course certificate and a MicroMasters certificate eligibility.

- A grade of B or better is required for ID Verified participants to be eligible to receive the MicroMasters certification and the future option, should you choose the option, to transfer all four course certificates to Thunderbird toward a full master's degree program. In this case you must still apply to the school and be accepted. The MicroMasters certificate is not a guarantee of acceptance to the school.
- ID Verified participants completing the course with a B or better will receive a course completion certificate.
- In this Thunderbird MicroMasters International Business Management program where a grade of less than a B is earned, the participant will not be eligible for the MicroMasters certificate or a certificate of completion for this class. You may reenroll in a future course offering as an ID Verified participant, by paying the fee again, and retake the course to attempt to earn a B or better grade.
- Audit participants do not receive a certificate.
- If you are seeking to enter into a full master's degree program with a MicroMasters certificate, read the graduate policies for admission by [clicking here](#).

Thunderbird Honor Code/Academic Integrity

I support the Thunderbird Honor Code (please see MTB for contents). Suspected violators will be referred to the Thunderbird Honor Council. If the Thunderbird Honor Council finds you guilty of violating the Thunderbird Honor Code, you will receive a grade of "0" on the relevant assignment(s) and, additionally, your course grade will be dropped a minimum of one letter grade.

Academic honesty is expected of all students in all coursework and exams. The possible sanctions include, but are not limited to, appropriate grade penalties, course failure, loss of

registration privileges, disqualification, and dismissal. For more information, review ASU's [Academic Integrity Policy](#) and [edX's Terms of Service](#).

Communicating With the Course Team

This course uses a discussion board for general questions, communication and collaboration about the course. Prior to posting a question, please check the syllabus, announcements, and existing posts. If you do not find an answer, post your question. An discussion area has been created for questions. Please post questions in this area to help the course team find and answer your questions promptly. [Click here to go to the specific area to post questions](#). The course team will respond to questions within 24-48 hours.

You are encouraged to respond to the questions of your classmates. Participants bear the responsibility of missed messages and should check the discussion board regularly.

Online Course

This is an online course. There are no face-to-face meetings.

Course Time Commitment

This two-credit course requires approximately 72 hours of work. Expect to spend around 8-12 hours each week preparing for and actively participating in the course.

Submitting Assignments

All assignments, MUST be submitted on time to the designated Assignment area in edX. Course team members have no ability to submit assignments for you or post a grade where no assignment exists in the system because of system constraints.

Grade Appeals

Grade disputes must first be addressed by discussing the situation with the instructor.

Prohibition of Commercial Note Taking Services

In accordance with ACD 304-06 Commercial Note Taking Services, written permission must be secured from the official instructor of the class in order to sell the instructor's oral communication in the form of notes. Notes must have the notetaker's name as well as the instructor's name, the course number, and the date.

Course Evaluation

Students are expected to complete the course evaluation. The feedback provides valuable information to the instructor and the college and is used to improve student learning. Students are notified when the online evaluation form is available.

Syllabus Disclaimer

The syllabus is a statement of intent and serves as an implicit agreement between the instructor and the student. Every effort will be made to avoid changing the course schedule but the possibility exists that unforeseen events will make syllabus changes necessary. Please remember to check the discussion board and update section of the course site often.

Computer Requirements

This course requires a computer with Internet access and the following:

- Web browsers (Chrome, Internet Explorer, Mozilla Firefox, or Safari).
- Adobe Acrobat Reader (free)
- Adobe Flash Player (free)
- Microphone (optional) and speaker
- (Suggested but not required) Web camera

Technical Support

This course uses edX to deliver content. To contact the help desk at info@edx.org. Access the [edX Help Center](#) for solutions to common problems. Please also be sure to review our “Before the Course Begins” section for further information.

This course is best accessed by a reasonably modern browser on a laptop or desktop computer. Course videos can be accessed using the edX app for iPhone and Android. For more information about mobile, review [edX on the Go](#).

Students who are interested in taking the course for credit will need additional computer requirements and skills to access the remote proctor service. Please see the [Software Secure](#) site, which details Proctor Now’s requirements.

Note: Potential limitations of internet connectivity by some countries are beyond the control of Arizona State University and may limit the ability of an ID Verified student residing in those countries to complete all the assessments, and therefore potentially impede the eligibility to earn college credit. Students impacted by such limitations should contact info@edx.org.

Accessibility

If you are a student with a disability, and you would like to request an accommodation, please send an email to accessibility@edx.org.

COURSE SCHEDULE

WEEK 1: August 28- September 4

TOPIC: **Introduction**

TOPIC: **Three Views of the World:** This session will explain three major analytical perspectives (and recent variations on these perspectives) for assessing trends and developments in the global political economy. Although they may be called by different names – analytical perspectives, frameworks, ideologies, worldviews, or, in German, *Weltanschauung* – everyone holds them, to one degree or another, and we will use them in evaluating the IMF, World Bank, and WTO from different perspectives.

READ: Nelson, “Three Views of the World: Tools to Assess Trends and Developments in the Global Economy.”

Ip, “We Are Not the World.” *Wall Street Journal* (Online), 2017

Kettle, “Brexit was a revolt against liberalism. We’ve entered a new political era | Martin Kettle.” *The Guardian*. *Guardian News and Media*, 2016

VIEW: Course Lectures
Is Walmart Good For America

DUE: **Quiz #1**
Reflection Paper

STUDY QUESTIONS / QUIZ PREPARATION:

1. In the lecture videos and in the assigned reading I refer to the three main worldviews: Liberalism, Economic Nationalism, and Structuralism. What are the main differences between these views with regard to:
 - a. the dominant actors
 - b. the role of the state in the economy
2. How would a Liberal view the IMF, World Bank, and WTO? An Economic Nationalist? A Structuralist? What would each of these perspectives have to say about trade agreements, such as NAFTA?
3. What would three views say about Walmart encouraging its suppliers to move to China?
4. What would the three views say about Brexit? About the rise of Economic Nationalism in Europe and the U.S.?

WEEK 2: September 4- September 11

TOPIC: **Managing Global Financial Crises: The International Monetary Fund (IMF):** In order to set the context for understanding the IMF, we will use the frameworks to analyze the evolution of international monetary relations. We will discuss the emergence and decline of the Bretton Woods system, the evolution of the IMF, different perspectives on the nature of IMF operations, and IMF conditionality. We will also discuss how to predict financial crises in specific countries, and how to manage such crises once they occur.

READ: Nelson, "Causes and Consequences of Brazil's 1999 Devaluation of the Real." Joseph Stiglitz, "The Insider: What I Learned at the World Economic Crisis," *New Republic*, 2000
"The Fund Bites Back," *The Economist*, 2002
"The Greek Crisis: Many Lessons for All," *Mint; New Delhi*, 2015
"IMF Policies in Asia: A Critical Assessment," *The Heritage Foundation*, 1999
"IMF Agrees to Lend \$12 Billion to Egypt to Fix Ailing Economy," *The New York Times*, 2016

VIEW: Course Lectures
Joseph Stiglitz and Kenneth Rogoff discuss: Globalization and Its Discontents

DUE: **Quiz #2**
Reflection Paper

STUDY QUESTIONS / QUIZ PREPARATION:

1. For what purpose(s) was the International Monetary Fund created?
2. How has its role changed over the years?
3. What role does the IMF play in maintaining a stable operating environment for international business?
4. What is IMF "conditionality"? What do the typical policy prescriptions of the IMF include? How do the three views of the world assess IMF conditions?
5. How does "weighted voting" work in the IMF? What would the three views of the world have to say about this?
6. What is "moral hazard"? What are some other criticisms of the IMF?
7. What are the London and Paris clubs, and what are the main differences between them?
8. In the Stiglitz/Rogoff debate, who is correct? Can both be seen as falling in the "Embedded Liberal" category?

Week 3: September 11 - September 18

TOPIC: Managing the Asian Meltdown: The IMF and South Korea

This session of the course focuses on the financial crisis in South Korea in 1997, which set off the “Asian Contagion” during the Asian Financial Crisis of 1997-98. The purpose for focusing on South Korea is to understand, in depth - and using all three worldviews - a specific case of a country that has experienced a financial crisis, the causes of that crisis, and the IMF’s response to that crisis. Although the main reading and the focus is on South Korea, we will also read some additional articles that focus on the Asian Financial Crisis in general.

READ: Corning, “Managing the Asian Meltdown: The IMF and South Korea,” 2000
Krugman, “Fire-Sale FDI,” *Capital Flows and the Emerging Economies: Theory, Evidence, and Controversies*, 2000
Fischer, “The Asian Crisis: A View from the IMF,” 1998
“Ten years on: How Asia shrugged off its economic crisis” *The Economist*, 2007

VIEW: Course Lectures
Conquering A Crisis – the IMF’s role in helping Korea overcome the Asian Crisis

DUE: **Quiz #3**
Midterm Research Paper

STUDY QUESTIONS / QUIZ PREPARATION:

1. Why did this crisis occur?
2. Is Korea to blame, or was it the victim of external economic shocks?
3. What was the IMF's response to this crisis?
4. What are the liberal, economic nationalist and Marxist analyses of this response?
5. What are the main criticisms of the IMF: Feldstein and Sachs view, "moral hazard" view, etc?
6. What response do you believe would have been appropriate, and why?
7. What was the final outcome of this case? Does this support or refute the approach the IMF took to this crisis?
8. Considering the other readings about the Asian Crisis, what are some of the key causes of this crisis? What are conditions the IMF imposed on countries receiving IMF assistance during this crisis?
9. Based on the article, “Ten Years On,” how were these same countries doing 10 years after the crisis? Based on your own experience, how are these countries doing today?

WEEK 4: September 18 - September 25

- TOPIC:** **The World Bank Group and the Chad-Cameroon Case:** This week will discuss the evolution of the World Bank Group (WBG) and its component parts, including the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA), and the International Centre for the Settlement of Investment Disputes (ICSID). The focus will be on the relevance of the WBG to international managers. We will also discuss the Chad-Cameroon case.
- READ:** "Jim Yong Kim re-appointed as World Bank President for 2nd five-year term" *Businessline* 2016
Rice, "The Evolution of an Idealist," *Foreign Policy*, May/June 2016
"World Bank My Shift Financial Model" *Oxford Analytica Daily Brief Service* 2016
Esty, and Ferman, "The Chad-Cameroon Petroleum Development and Pipeline Project."
- VIEW** Course Lectures
Chad-Cameroon Pipeline Project Video
- DUE:** Quiz #4
Reflection Paper

STUDY QUESTIONS ON WORLD BANK GROUP/QUIZ PREPARATION

1. In what ways is the World Bank similar to the IMF? How is it different?
2. How has the World Bank's approach evolved over time? What are the various phases?
3. Does this reflect a change in the Bank's overall world view?
4. What are the various institutions that comprise the World Bank Group, and what are their individual roles?
5. What is the focus of criticism against the World Bank?
6. How has the Kim era at the World Bank differed from previous eras? In what ways is the World Bank Group changing?

STUDY QUESTIONS ON CHAD-CAMEROON CASE/QUIZ PREPARATION

1. What is the nature of this project?
2. What is the proposed role of the World Bank Group?
3. What are the sources of funds for the project?
4. What is the Revenue Management Plan?
5. What do critics say about this plan?
6. How would Liberals (embedded and extreme), Economic Nationalists, and Marxists view the WBG's support for this project?
7. What is the outcome of this case –both positive and negative aspects?
8. What are the lessons of this case for international managers?

WEEK 5: September 25 - October 2

TOPIC: **Managing Global Trade Relations: The WTO and Trade Dispute Cases:**
GATT/WTO as an organization; international trade relations and the Rounds of the multilateral trade negotiations; Bello's structuralist/economic nationalist critique of the WTO; recent trade dispute cases and how to avoid trade disputes.

READ: Bello, "Serving the Wealthy, Not the Poor," *The Ecologist*
Nelson, "Brazil vs. the U.S. at the WTO: The U.S.-Brazil Cotton Subsidy Dispute," 2013.
Nelson, "The U.S.-China Wind Power Dispute," 2016
Nelson, "Trade and the World Trade Organization," 2017

DUE: **Quiz #5**
Reflection Paper

STUDY QUESTIONS ON WORLD TRADE ORGANIZATION

1. What were some flaws with the GATT as an organization? Have these weaknesses been corrected in the WTO? How effective is the WTO?
2. What were the key rounds of international trade negotiations and what were the issues addressed?
3. Why has the length of multilateral trade rounds increased over time?
4. What were the results of the Uruguay Round? What is next?
5. What is behind the development of regional trading blocs?
6. What are some different views about the impact this will have on the global economy?
7. In what way(s) is the dispute settlement process of the WTO stronger than the dispute settlement process the GATT used?
8. What is the Doha Round, what is its significance, and what are the potential obstacles to its success?
9. Regarding Walden Bello's critique of the WTO, some have said that his critique is a combination of hybrid of a Structuralist and an Economic Nationalist worldview. What aspects of his argument are Structuralist? What aspects are Economic Nationalist? Do you agree with Bello's critique? Why or why not?

STUDY QUESTIONS ON "BRAZIL VS. THE U.S. AT THE WTO" CASE/QUIZ PREPARATION

1. How does the WTO resolve trade disputes? How is the WTO's dispute settlement mechanism different from the GATT's dispute settlement process?
2. What are subsidies? According to the WTO's Subsidies and Countervailing Measures (SCM) agreement, what are prohibited subsidies? What are actionable subsidies?
3. What is the source of the dispute between the U.S. and Brazil over cotton subsidies?
4. What did Brazil do to get the attention of U.S. trade negotiators? Why was this effective?
5. Why did Brazil's ambassador to the WTO make a deal with the U.S. trade negotiators? Has this approach been effective so far? Do you think this will be effective in the long run at getting the U.S. to drop its subsidies?
6. What are the lessons of this case for U.S. managers?

STUDY QUESTIONS ON “U.S.-CHINA WIND POWER DISPUTE” CASE/QUIZ
PREPARATION

1. What was the source of the dispute?
2. Why did the Chinese government back down? Do you think that the WTO would have ruled in favor of the U.S., or China?
3. How would you explain the Obama Administration’s stance on this issue from the Liberal, Economic Nationalist, and Structuralist perspectives? Which view do you think is correct, and why?
4. Do you think GE, Gamesa, and other foreign firms were correct in not bringing a dispute to the relevant trade authorities?
5. What are the lessons of this case?

WEEK 6 (FINAL EXAM): October 2 – October 6

The final exam is comprehensive, covering all the material you learned throughout the course. It will consist of multiple choice questions.