

ECON 495:
The United States and Global Economic Issues in the 21st Century
TR 11-12:15 pm (Whitt Hall 124)

Dr. Kiertisak Toh
Office: Davis 135
Office Hours: TR 2-3 and MW 3-4
E-mail: ktoh@radford.edu
Tel: 540-831-5892

Our power grows through its prudent use; our security emanates from the justness of our cause, the force of our example, the tempering qualities of humility and restraint.

*President Barack Obama
Inaugural address, Jan. 2009*

America cannot solve the most pressing problems on our own, and the world cannot solve them without America

*Secretary of State Hillary Clinton
Confirmation Hearing, Jan. 2009*

Course Description and Objectives:

This course is intended to: (1) enable you to appreciate and build a better and deeper understanding of some of today's important global economic issues; and (2) provide you the opportunity to think critically of the role of the United States in responding to these global challenges.

Today's world economy is interconnected and interdependent. Even the most powerful nations cannot resolve on their own important global economic challenges. And the world is looking to the United States for leadership. America's capacity and will to provide the leadership is less clear given its financial turmoil and a stagnant economy in the context of a global shift in economic power toward what many called a multipolar world,. Why should America be engaged and lead? What are some of most pressing global economic issues we face? The course is divided into three sections. It begins with an overview of the development of the global economy since 1950, with emphasis on certain regions and countries. The second section analyzes a number of critical global economic issues, and provides an assessment of global risks and priorities. The last section critically examines the challenges and opportunities for the United States in shaping a global development agenda, with special emphasis on emerging and low-income developing countries.

Format and Approach:

The course will be conducted in a seminar-like manner. The format will be primarily presentations, and small group work. Part of each week will be devoted to introducing the subject matter, providing context, and discussing related concepts, theories, and empirical evidence. This will be followed by discussion led by pre-assigned groups. The lead-discussion group will summarize the key points from the week's reading, analyze the main arguments and

conclusions, and suggest key issues or questions. Because of the format, familiarity with the reading, attending class, being willing to participate in the conversation to sharing ideas, perspectives, and actively engaging in class exercises are expected. The course will take a practitioner-oriented approach with an emphasis on public policy.

Course Work and Evaluation:

Grades are based on the following:

- | | |
|--|------------|
| 1. Bi-weekly short issues papers from the reading
(no more than 2 typewritten, double-spaced pages) | 40 percent |
| 2. Active participation in class discussions | 15 percent |
| 3. Mid-term take home exam | 25 percent |
| 4. Final group-work research and presentation | 20 percent |

Short Issues Paper (SIP): You are required to submit a bi-weekly SIP, not to exceed two double-spaced pages, which analyzes the key points in the readings. Each paper will end with one or two issues or questions that you wish to discuss in class. Each SIP is due on *Wednesday* of the week it is due. Submit your assignment via e-mail attachment.

Final Research Project: You will be asked to form a small group of 4 persons. Each group will develop a project that involves an analysis and assessment of a specific topic or issue. Each group will present its findings in class. More detail will follow.

Expectations:

- Responsible for all the assigned readings and class attendance is mandatory unless you have an emergency.
- Turn in your weekly type-written SIP on time. Late submission will affect your grade.
- Participate in discussion and in-class exercises.
- Abide by the RU Honor Code of Integrity and Honesty (for more detail, go to <http://www.radford.edu/~dos-web/academicintegrity.htm>)

Course Material: Reading and Suggested Further Reading:

Most of the required and some of the suggested reading material will be available on *Desire To Learn* (D2L), on reserve at the Library, or through the Internet webpages.

Don't be scared of too many books or articles. We shall cover in class the main points of most of them. Some are useful reference texts for economic concepts, theories, and other technical topics that you may want to consult for deeper understanding of the topics we cover in class.

Useful Reference Texts, Books, and Publications:

1. Selected Reference Texts and Books:
Michael Spence. *The Next Convergence: The Future of Economic Growth in Multispeed World*. Farrar, Straus and Giroux (2011).
Bjorn Lomborg. *Global Crises, Global Solutions*. Cambridge University Press (2004)
Bjorn Lomborg (ed). *How to Spend \$50 Billion to Make the World a Better Place*. Cambridge University Press (2006).
Joseph S. Nye, Jr. *The Future of Power*. PublicAffairs (2011).

Dani Rodrik. *The Globalization Paradox: Democracy and the Future of the World Economy*. W.W. Norton (2011).

Joseph E. Stiglitz. *Making Globalization Work*, W.W. Norton (2007)

Jagdish Bhagwati. *In Defense of Globalization*, Oxford University Press (2007).

William Easterly, *The Elusive Quest for Growth*, The MIT Press (2002).

William Easterly, *The White Man's Burden: Why the West's Efforts to Aid the Rest Have Done So Much Ill and So Little Good*, The Penguin Press (2006)

Vijay Mahajan, *Africa Rising: How 900 Million African Consumers Offer More than What You Think*, Wharton School Publishing (2009)

Steven Radelet, *Emerging Africa*, Center for Global Development (2010)

William J. Baumol, Robert E. Litan and Carl J. Schramm. *Good Capitalism, Bad Capitalism, and the Economics of Growth and Prosperity*, Yale University Press (2007)

Partnership for Profit.....

Joseph E. Stiglitz. *Freefall: America, Free Markets, and the Sinking of the World Economy*, W.W. Norton (2010).

Ann Bernstein. *The Case for Business in Developing Economies*. Penguin Books (2010)

Commission on Growth and Development, *The Growth Report: Strategies for Sustained Growth and Inclusive Development*, The World Bank (2008)

World Economic Forum, *The Global Competitiveness Report, 2010-2011*

Paul Krugman, Maurice Obstfeld, and Marc Melitz. *International Economics*, Prentice Hall (9th edition, 2011)

N. Gregory Mankiw. *Principles of Economics*, Southwestern Cengage Learning, 2008.

David A. Moss. *A Concise Guide to Macro Economics: What Managers, Executives, and Students Need to Know*, Harvard Business School Press, 2007

Dani Rodrik. *One Economics, Many Recipes: Globalization, Institutions, and Economic Growth*, Princeton University Press, 2007.

2. Some Useful Reference Websites:

- Bureau of Economic Analysis: <http://www.bea.gov/>
- Central Intelligence Agency (CIA): <https://www.cia.gov/>
- The World Bank: <http://www.worldbank.org/>
- The International Monetary Fund (IMF): <http://www.imf.org/external/index.htm>
- Organization for Economic Cooperation and Development (OECD): <http://www.oecd.org>
- United Nations Development Programme (UNDP): <http://www.undp.org>
- Congressional Budget Office (CBO): <http://www.cbo.gov/>
- U.S. Department of State: <http://www.state.gov/http://www.state.gov/>
- U.S. Agency for International Development (USAID): <http://www.usaid.gov/>
- The World Trade Organization (WTO): <http://www.wto.org>
- The World Economic Forum: <http://www.weforum.org>

3. Some Useful Websites for business and economic news:

- The Economist Magazine: <http://www.economist.com>
- The Financial Times: <http://www.ft.com/home/us>
- Bloomberg Business Week: <http://www.businessweek.com>
- New York Times: <http://www.nytimes.com/>
- Washington Post: <http://www.washingtonpost.com/>
- The Wall Street Journal: <http://online.wsj.com/home-page>
- PBS Newshour: <http://www.pbs.org/newshour/>

Course Contents

Week 1 – Aug. 29:

Introduction and Welcome
Overview of the World Economy
The Rise of Globalization

Readings:

(*optional)

1. Harvard Business Review. *The 10 Trends You Have to Watch*, D2L
2. Fared Zakaria, *The Rise of the Rest*, WebCT (an excerpt from his book The Post-American World)

Week 2 – Sep. 5:

Open-Economy Macroeconomics: Some Basic Concepts

Readings:

(*optional)

1. N. Gregory Mankiw, *Open-Economy Macroeconomics: Basic Concepts*
2. David A. Moss, *A Concise Guide to Macroeconomics*, esp. Chs. 1-3
3. Timothy Taylor, *Thinking about a “New Economy”*

Week 3 – Sep. 12:

Postwar Changes in the Global Economy
The United States in the Global Economy

Readings:

(*optional)

1. IMF, *World Economic Outlook Update*
2. C. Fred Bergsten, *The United States in the World Economy*
3. IMF, *United States 2011 Article IV Consultation* (Selected Issues)
(Note: This is a long document, read it to get some idea about the issues raised in this document)
- *4. OECD Economic Outlook 2010, *General Assessment of the Macroeconomic Situation*

<http://www.oecd.org/dataoecd/36/57/43117724.pdf>

*Useful Reference Websites for OECD countries and the global economy:

OECD Economic Surveys: List by Country

http://www.oecd.org/document/59/0,3746,en_2649_34111_35106811_1_1_1_1,00.html

*The International Monetary Fund (IMF), *World Economic Outlook 2011*.

In addition, the IMF publishes Regional Economic Outlook including Africa, Asia and Pacific, Latin America and the Caribbean, Middle East and Central Asia, and Europe

Week 4 – Sep. 19:

The Rise of Emerging Market Economies:

- The BRICs
- The New Frontier Markets: Africa

Readings:

(*optional)

1. The Economist (April 15, 2010): *BRICs: The Trillion-dollar Club*.
2. M. Ayhan Kose and Eswar S. Prasad, *Emerging Markets Come of Age*
3. Homi Kharas and Geoffrey Gertz, *The New Global Middle Class: Cross-Over from West to East*,
- *4. Wendy Dobson, *The New Asian Powerhouses and the World Economy in 2030*, from her book, *Gravity Shift*, University of Toronto Press (2009)

Week 5 – Sep. 26:

The Rise of Emerging Market Economies (cont'd)

Readings:

(*optional)

1. David C. Nellor, *The Rise of Africa's "Frontier" Markets*
2. Steven Radelet, *Emerging Africa*, Chs. 1 and 2
3. Vijay Mahajan, *Africa Rising*, pp. x-xii and Chs. 2 and 3 (pp 29-74)

Global Economic Challenges:

Week 6 – Oct. 3:

Economic Growth and Development

Rebalancing in the Global Economy

Readings:

(*optional)

1. Michael Spence, *The Next Convergence: The Future of Economic Growth in a Multispeed World*, Chs. 3-6
2. Dani Rodrik, *The Globalization Paradox: Democracy and the Future of the World Economy*, Ch. 7
3. Commission on Growth and Development, *The Growth Report: Strategies for Sustained Growth and Inclusive Development*, The World Bank (2008), pp. 71-84.
4. KOF Swiss Economic Institute, *KOF Index of Globalization 2010*
<http://globalization.kof.ethz.ch/>
http://globalization.kof.ethz.ch/static/pdf/press_release_2011_en.pdf

Week 7 – Oct. 10:

Trade, Jobs, and Globalization

Readings:

(*optional)

1. Dani Rodrik, *The Globalization Paradox: Democracy and the Future of the World Economy*, Ch. 7
2. Michael Spence, *Globalization and Unemployment*

Week 8 – Oct. 17:

Globalization and Global Financial Crisis

Readings:

(*optional)

1. Joseph Stiglitz, *Free Fall*, Chs, 1 and 2
2. C Fred Bergsten, *The Next Financial Challenge*
- 3.
- 4.

Week 9 – Oct. 24:

Global Public Goods

- Security and Stability

- Energy and Environment

Week 10 – Oct. 31:

Managing Globalization
Global Institutions and Governance

Readings:

(*optional)

Globalization101.org (A Project of the Carnegie Endowment: *International Monetary Fund and the World Bank*; and *International Law and Organizations*)

2. Joseph E. Stiglitz, *Another World is Possible*
3. John Williamson, *A Short History of the Washington Consensus*
5. WebCT, *The Opposition to Globalization*
6. Joseph E. Stiglitz, *Is There a Post-Washington Consensus Consensus?*
7. *Dani Rodrik, *Saving Globalization From Its Cheerleaders*

The United States Global Development Agenda

Week 11 – Nov 7:

Global Development: Why It Matters to the U.S.
The Obama Administration Global Development Agenda

Readings:

(*optional)

1. Nancy Birdsall, *Righting the Three-Legged Stool: Why Global Development Matters for Americans and What the Next President Should Do about It*
- 2.,
- 3

Week 12 – Nov. 14:

The Obama Administration Global Development Agenda (conti'd):
Engagement, Trade, and Aid

Readings:

(*optional)

Bruce McKern and Lyn Denend, *The Business Environment of China: Challenges of an Emerging Superpower*, HBS Case

Week 13 – Nov 21:

Thanksgiving Break
(November 21-25)

Week 14 – Nov. 28:

Final Research Project preparation

Week 15 – Dec 5

Research Project Presentation

Further Reading: The following are some of the recent books on certain issues related to economic globalization and its challenges to international business policy, strategy and operation. They are useful references for those of you who are interested and want to pursue the study further.

1. William J. Baumol, Robert E. Litan and Carl J. Schramm, Good Capitalism, Bad Capitalism, and the Economics of Growth and Prosperity (Yale University Press, 2007)

(Much of anti-globalization stems from anti-capitalism, the roles of multinational corporations, and even anti-Americanism. This book makes cogent arguments that capitalism comes in different flavors, and some taste better than others. Bad capitalism fuels anti-globalization sentiments.)

2. Joseph Stiglitz, Making Globalization Work (W.W. Norton, 2007)

(Stiglitz, winner of the Nobel Prize in economics, is a critic of how globalization has been managed by political leaders and policymakers in the developed world. But he also believes and is hopeful that the globalization process can be reformed and managed better in order to realize its potentials. Stiglitz argues persuasively that “simple-minded” economic doctrine, inadequately tailored to the context and realities of developing countries, can do more harm than good. He proposes a reform agenda.)

3. Kemal Dervis, A Better Globalization: Legitimacy, Governance, and Reform (Center for Global Development, 2005)

(In this book, Dervis, a former Economic Minister of Turkey, focuses on the political and institutional dimensions of globalization and offer both practical and idealistic reforms from the on-the-ground perspective, especially with respect to the international system and the international economic order.)

4. Ian Goldin and Kenneth Reinert, Globalization for Development (World Bank and Palgrave Macmillan, 2006)

(In this book, Goldin and Reinert explain key aspects of economic globalization with a wealth of facts and empirical evidence to demonstrate that globalization can contribute to economic growth and development under certain circumstances.)

5. Manfred B. Singer, Globalization: A Very Short Introduction, (Oxford University Press, 2009)

(In this book, Steger discusses globalization beyond a narrow economic and business focus to include major causes and consequences of globalization, whether globalization is, ultimately, a good or a bad thing. The book also examines political movements both for and against globalization, “Americanization” and “McDonaldization”; and the role of the media and communication technologies and how they affect cultural dimension of globalization. The book reviews the connection between economic globalization and multinational corporations, World Bank, International Monetary Fund, and the World Trade Organization.)