Our world is changing in fundamental ways. The institutions and regulations governing our global economy are clearly in flux. The global financial crisis of 2008-2009 has shown that traditional national regulations (or lack thereof) are no longer adequate yet international accords over trade, intellectual property, labor standards and a host of other issues are fiercely and frequently contested by competing interests. The final results of these debates will determine who wins and who loses in the new global economy. Understanding the interaction between this shifting political-economic-regulatory environment and individual firms, even entire industries, is key to determining both the possibilities for and constraints on global business in today’s fast-changing economy.

This course provides students with the conceptual tools necessary to understand and work effectively in today’s global world. We will do this in three closely related ways:

• Analyzing how the environment for business varies around the world, including what this means for business people and policy makers.
• Discussing efforts to construct “rules of the game” for the global economy. In particular we will examine contemporary debates and controversies surrounding financial markets, intellectual property rights, trade & migration policies and labor and environmental standards.
• Developing conceptual tools and frameworks that help make sense of our increasingly global, complex and crisis-prone world.

Readings:
Readings include a combination of analytic articles and company case studies drawn from a variety of different industries (manufacturing and services) in North America, Europe, Latin America, Asia and Africa.

A reading package, available at the MIT Copy Technology Center (basement of E52), includes all HBS cases. Additional articles, class notes, slides, and other resources related to the course will be posted on the Stellar course web site (https://stellar.mit.edu/S/course/15/sp10/15.223/).

Requirements:

The requirements for the course and the contribution of each towards the final grade are:

1. Class participation  30%
2. Two individual case memos (2x15%)  30%
3. Group final paper  40%

1. Class participation

Your active participation in the discussion in class is integral to the design of this course. For each class, we have provided a number of study guide questions. These are suggested questions to help you prepare for class and think about the issues that may arise in the course of class discussion. Because we value exchange of ideas as an effective way of learning, we encourage debates among students and expressions of your own views. Those of you whose native language is not English and/or who may have difficulty speaking up in class are encouraged to meet with me to discuss how your participation in class can be ensured.

2. Individual case memos

You will write two short papers (maximum 6 pages double spaced, 12 font size, including figures and tables) analyzing cases assigned in class. You should pick one case from each section of the course (the politics of trade, free flow of labor, and who is a stakeholder). Based on your preferences, we will assign you two of your choices. **Write-ups are due before class on the day the case is to be discussed.** They are intended to be analytic discussions of some issue central to the case. Please do not write a précis of the case or repeat case facts except to bolster your argument. Based on the information provided in the case materials, please be analytically judgmental and evaluative. You should propose alternate managerial views and action plans whenever appropriate and discuss the relevance and applicability of the frameworks proposed in the readings and lectures. In short, you should write what you think of the situation in the case and not merely what the author of the case says. Be original.
3. Group final paper

This group project is due on **March 15th 5pm**. You will need to write a group paper (maximum 17 pages double spaced, 12 font size, including figures and tables) on a firm of your choice engaged in international activities. Your report should discuss how national and international rules shape your firm’s strategy and how your firm can shape national and international rules. To maintain focus, I would recommend focusing on your firm’s activities in one particular country, highlighting both national and international factors that affect your firm’s activities in this country. If you decide to focus on the US, your firm should be a non-US firm. You should also comment on how national and international rules affecting your firm are likely to look after the 2008-2009 global crisis. You can be optimistic or pessimistic, but you should ground your assessment in data of some kind. To work on this assignment, every student is expected to participate in a self-formed group of 3-4. You can form groups across sections. You should email the membership of your group to your TA by **February 16th 5 pm**.

**Attendance policy**

Attendance is mandatory. If you have to miss the class, email your TA before class to let us know.

**Course overview:**
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Schedule of Classes and Assignments

Readings for each session are available either on Stellar or in the Course Packet. HBS cases are only available in the Course Packet. All other materials are posted on Stellar or through the links indicated here. You are responsible for all cases, readings and videos. I also strongly encourage you to skim the recent updates on the case provided.

| Part I - Varieties of Market Economies & Global Economic Crisis |
|---------------------|---------------------|
| February 2           | Freer Markets, More Rules?: Rethinking Regulation in our Global Economy |

Assignments:


Study Guide Questions:

1. What accounts for the subprime financial turmoil which burst onto the scene in the summer of 2007? Who is most to blame for the mess?

2. Overall, would you say that the U.S./global financial system has functions well or poorly through this episode? Is this sort of instability likely to strike again?

3. If you were advising top lawmakers in Washington about potential policy responses to the subprime turmoil, what sort of advice would you offer? Please consider both short-term remedies and long-term reforms.

February 4 State-Driven Development

Assignments:


Update: “The 'little red dot' intent on becoming the hub that Asia cannot live without”, The Times (London), October 11, 2008

Study Guide Questions:

1. How do you account for Singapore’s success? In economics? In politics?

2. Do you recommend Singapore Inc. as a model for other developing countries?
3. Does the crisis make Singapore’s model more or less appealing to other countries?

February 9  Emerging Markets/Uncertain Rules: Africa

Assignments:
Case: Botswana: A Diamond in the Rough (HBS Case 9-703-027 Rev Nov 29, 2005)
Video: http://www.youtube.com/watch?v=153F3dE3X5Q (11:59 min)

Study Guide Questions:
1. Is Botswana a success story? How do you define success?
2. Is Botswana’s performance sustainable?
3. Does Botswana offer useful lessons for other developing countries?
4. How resilient is Botswana’s model to a global economic crisis?

February 11  Global Crisis & National Institutions: Korea in a Financial Crisis

Assignments:
Case: Transforming Korea Inc.: Financial Crisis and Institutional Reform (HBS 9-708-007 Rev May 14, 2008)

Study Guide Questions:
1. How did Korea achieve its economic “miracle”?
2. If Park’s strategy up to 1979 was so successful, why did his successors want to change it?
3. Was the financial crisis of 1997 inevitable? What were the main causes of the crisis?
4. Were IMF’s policies appropriate for Korea at that time? Why or why not?
5. Did surviving 1997 crisis made it easier or harder for Korea to deal with the current crisis?
Part III – Beyond the Nation State? Who is Making the New Rules?

February 18 The Politics of Trade – Government Subsidies

Assignments:


Study Guide Questions:

1. Is Embraer engaging in “unfair” competition? If so, how? If not, why not?
2. Why are the governments of Brazil and Canada involved in this industry?
3. Who makes the rules for “fair trade”? Should the rules be the same for poor and rich countries?

February 23 The Politics of Trade – Intellectual Property Protection

Assignments:


Video: “Patents and Patients – India” (21:44)

Update: “Quagmire to goldmine?”, The Economist, May 17, 2008

Study Guide Questions:

1. How should the pharmaceutical companies respond to the plague of AIDS in Africa?
2. What strategy should they follow to protect their intellectual property rights?
3. How far should they be willing to go? What are the costs and benefits?
4. Who makes the rules for “fair trade”? Should the rules be the same for poor and rich countries?
February 25  
Guest Speaker: Prof Simon Johnson

March 2  

Assignments:


*Study Guide Questions:*

1. Is it a good idea for the Philippine government to encourage labor migration? What are the costs and benefits of the Philippines’ migration policy?
2. What are the benefits for recipient countries (like Japan) of Filipino migration? What are the costs?
3. Why is there no WTO-like organization to government international labor flows? Do you expect one will be established in the future? Why or why not?

March 4  
Free Flows of Labor? – Benefiting from the “Reverse Brain Drain”

Assignments:


Reading: Take Advantage of Your Diaspora Network (HBS 9-808-029 Rev Jul 2, 2008)


*Study Guide Questions:*

1. What are cost of “brain drain” for poor countries? Do the benefits of the “reverse brain drain” outweigh them?
2. What lessons can other countries learn from the Indian Diaspora?
3. What are the limits on the diasporic entrepreneurship as a development strategy?
4. How can firms benefit from ethnic Diasporas? How can you as a manager?

**March 9  Who is a Stakeholder? – Global Business and Human Rights**

**Assignments:**


Video: “Oil Giant Chevron Ties with Burmese Military Junta” (10:38).


**Study Guide Questions:**

1. Has Unocal violated any laws or norms as a result of its participation in the Yadana project?
2. What responsibility, if any, do global corporations have for people in countries where human rights are not fully protected? What can companies do?
3. How should John Imle respond to his critics?

**March 11  Who is a Stakeholder? – NGOs and Private Non-Market Action**

**Assignments:**


Update: “Nike on the run after Coke’s cave in”, The Times (London), April 23, 2005

**Study Guide Questions:**

1. Does Jeff Ballinger have a convincing argument about Nike? Does Nike have a convincing response?
2. How well has Nike handled the publicity surrounding its labor practices? Could or should the company have done anything differently?

3. What is a “fair” wage in Vietnam? How should Nike think about it?