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UNIT 1 Overview of International Business

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Part A. Introduction to International Business: The World Has Changed

- 1. World War II to 2011: Changes and Challenges in the Global Economy**, Robert Hormats and Ariel M. Ratner, *Business Economics*, July 2011
This article addresses the development of the global economy from the end of World War II to the present day. It specifically addresses several key events including the (1) emergence of women; (2) the emergence of the global economic and financial system; (3) re-emergence of state-owned and state-sponsored enterprises; (4) the internet and the free-flow of information; (5) the diffusion of opportunity and innovation; and (6) globalization as opportunity and as a threat. 2
- 2. China Must Carry the World**, Andrew B. Busch, *Stocks, Futures and Options Magazine*, February 2009
China faces unique challenges in attempting to respond to the global recession, and its trading partners face challenges in how to respond to China. Some of those challenges are presented here. 9
- 3. Terra Instabilis: From the Arab Spring to the Great Recession to the Eurozone Crisis and Chinese Inflation: Are We Headed toward a New World Disorder?**, Jon Harrison, *The Humanist*, November/December 2011
Change is rapidly occurring on a worldwide scale and nobody knows where it is going to end. It is happening in Europe, the Middle East, and China, and there are few who know or are in a position to do anything about it. 11

Part B. International Trade Theory: Evolving Ideas on Trade and the Economy

- 4. The Theory of Comparative Advantage: Why It Is Wrong**, Ian Fletcher, *Social Policy*, Spring 2011
Is free trade good for everybody, for everything, all of the time? This article says probably not. In fact, it says it is probably wrong for a lot of people a lot of the time. 15
- 5. A Bretton Woods for Innovation**, Stephen Ezell, *World Policy Journal*, Fall 2011
Innovation is what will drive economies in the 21st century. Having an organization that will coordinate innovation on a global level, making certain that each nation state plays by agreed upon rules is the subject here. 24

The concepts in bold italics are developed in the article. For further expansion, please refer to the Topic Guide.

6. Globalization with a Human Face, Shikha Dalmia, *Reason Magazine*, December 2009

Jaghish Bhagwati is an economist who has often been mentioned as a candidate for the Nobel Prize in Economics. Here are some of his thoughts on free trade, climate change, NAFTA, and other regional trade organizations.

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UNIT 2

International Finance

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Part A. The International Financial Crisis

7. The Global Debt Bomb, Daniel Fisher, *Forbes*, February 8, 2010

Coming out of the global recession, many countries will be burdened with enormous debt. This debt will have long-term consequences for the countries involved and for the global economy.

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8. International Financial Regulation after the Crisis, Barry Eichengreen, *Daedalus*, Fall 2010

The financial crisis of 2008 was partially caused by a lack of coordination of financial regulation between countries. In other words, if global financial institutions are blocked from doing one type of activity in a country, they could simply do it in another that did not have a law limiting it. Coordinating global financial regulation would stop that.

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9. Solutions and Pitfalls, *Financial Express*, February 3, 2012

What are some of the things that can be done to fix the financial crisis in Europe? Both short-term and long-term answers to these problems are explained here.

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Part B. Monetary Systems, Financial Markets, Balance of Payments, Financial Institutions

10. Why a Second Bretton Woods Won't Work, Bernard Connolly, *The International Economy*, Winter 2011

Does the world need a second Bretton Woods conference to address the global financial crisis? Bernard Connolly says no, and, in fact, says it would be a very bad idea!

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11. The Balance of Payments: Office for National Statistics, Graeme Chamberlin, *Office for National Statistics (UK) Economic and Labour Review*, September 2009

This article, from the United Kingdom, explains how the balance of payments is calculated. The current account, the capital and financial accounts, the international investment position, net investment income, and recent trends and why they are important are presented using the United Kingdom as an example.

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12. The Next 80 Years, Ellen M. Heffes, *Financial Executive*, December 2011

The last 80 years saw some of the greatest changes in financial reporting and many of the other factors for which the CFO is responsible. The next 80 years will hold even more change, some of which can be predicted and some of which cannot.

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13. Internationalizing Business, Marydee Ojala, *Online*, November/December 2011

We are living in a truly international world and that means that there are stock exchanges almost everywhere. These exchanges include the large global exchanges in New York, London, and Tokyo down to the ones in Nepal and the Sudan. People buy and sell securities all around the world because there are opportunities all around the world in the global economy.

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Part C. Financial Management, Accounting, Foreign Direct Investment

- 14. Engaging China: Strategies for the Small Internationalizing Firm**, Rolf D. Cremer and Bala Ramasamy, *Journal of Business Strategy*, 2009
Entering the Chinese market is difficult for any company, but it is particularly difficult for small multinationals seeking to enter the market. Here are some strategies that can be used by small international firms to enter the Chinese market, focusing on companies from New Zealand. 71
- 15. Preparing for Significant, Multi-Year Changes**, Sean Torr, *Financial Executive*, November 2011
The International Financial Reporting Standards (IFRS) for accounting are in the process of being adopted by American corporations, replacing the old FASB criteria. This is going to be a multi-year process for many companies requiring attention to many facets of their organizations. 80
- 16. The Case for Global Accounting**, Floyd Norris, *The New York Times*, May 11, 2012
Due to the increasing interdependence of global banking and financial institutions, politicians from various nations, including the United States, have clamored for the institution of common accounting rules. 82



UNIT 3

International Organizations and Operations

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Part A. The Global Corporation

- 17. The Work Left Undone: Perspectives on Small Business Opportunities in International Trade**, Matthew Carr, *Business Credit*, January 2010
There is great opportunity for small business in global business, especially in the import/export sector. The government has recently stepped up with programs designed to assist small businesses and the opportunities for assistance remains great. 87

Part B. Global Corporate Strategy

- 18. Going Global: The Risks and Rewards of China's New International Expansion**, Chi Lo, *The International Economy*, Spring 2011
As a part of its effort to secure markets and supplies for its goods, China is taking a much more active role on the international stage than it did in the past. With this come additional problems, opportunities, and responsibilities that China must address. 90
- 19. NanoTech Firm Takes Passage to India**, Peter Gwynne, *Research Technology Management*, May/June 2009
Small, high-tech firms are going to developing countries to develop, manufacture, test, and market their products before they do so in the United States and the rest of the developed world. Here is one firm from Massachusetts that is doing it. 94
- 20. Increasing Your Share of a Culturally Diverse Audience**, Leah Smiley, *Franchising World*, June 2011
In the global economic environment it is not the affirmative action policies that have their roots in the American Civil Rights movement of 50 years ago that will provide the organization with a competitive advantage. It is the recognition of diversity among employees, customers, and cultures that will lead to success. 96

Part C. Global Marketing

- 21. General Mills' Global Sweet Spot**, David A. Kaplan, *Fortune*, May 23, 2011
Häagen-Dazs is a made-up word, but its success on the global market is far from made up. It is a superpremium brand with superpremium profits and with what looks to be a superpremium future. 98
- 22. Expanding Opportunity at the Base of the Pyramid**, David G. Altman, Lyndon Rego, and Peg Ross, *People and Strategy*, June 2009
There are 4 billion people living on US\$2 a day or less, a group that represents trillions of potential sales in basic necessities in the developing world. Strategies for reaching these potential consumers are discussed. 102
- 23. Hailun Piano and the Quest for Quality**, *Music Trades*, February 2011
Hailun Piano of China manufactures high-quality pianos, primarily for the export market, but is now also selling them in China. The obstacles and opportunities that this company faces are outlined here. 107

Part D. Global Human Resources

- 24. Distant Dilemmas**, Mark McGraw, *Human Resource Executive*, January 2010
In some countries, corrupt practices as defined by the Corrupt Foreign Practices Act are a way of life. In others, because of the current economic climate, they are on the rise. Helping ex-patriot executives deal with these situations is the theme of this essay. 110
- 25. The Impact of Globalization on Income and Employment. The Downside of Integrating Markets**, Michael Spence, *Foreign Affairs*, July/August 2011
Globalization does have an impact on the population of those nations participating in international trade. For the most part, that impact is positive, but for some it is not, and that includes groups in developed societies such as the United States. 113
- 26. Learn the Landscape: When Managing Benefits Globally, Government-Provided Services, National Mandates and Cultural Expectations Come into Play**, David Tobenkin, *HR Magazine*, May 5, 2011
Managing benefits on the domestic level is difficult enough; doing it on the global level is even more difficult. Here are some of the things to watch for when "managing benefits globally." 118

Part E. Global Business Operations

- 27. Explaining High Oil Prices**, Christian Berthelsen, *The Wall Street Journal*, December 14, 2011
Oil prices are high, but demand for oil is relatively low. In fact, the US is now a net exporter of petroleum products such as gasoline. How can this be? 121
- 28. Keynote Panel Session 1: Whose Income Is It? How Business Is Caught in the Global Competition and Controversy for Tax Revenues**, Timothy M. McDonald et al., *Taxes—The Tax Magazine*, June 2009
This is a text of a panel discussion from a symposium on international tax rates and how they impact the cash flow and business decisions of corporations to expand their businesses and the role governments play in establishing those taxes. 123
- 29. Building the Supply Chain of the Future**, Yogesh Malik, Alex Niemeyer, and Brian Ruwadi, *McKinsey Quarterly*, 2011
Companies need to be flexible in the future when it comes to their supply chains. What might be the best supply chain today, for the near term, might not be the best supply chain tomorrow for the intermediate or long-term. Conditions change and organizations must be prepared. 136



UNIT 4

Issues in International Business

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Part A. *The Developing World*

30. Foreign Aid, Capitalist Style, Nina Easton, *Fortune*, November 21, 2011

Foreign aid does not just include giving aid to earthquake and flood victims. Truly effective foreign aid helps to establish stable, representative governments that are not corrupt and that can support themselves into the future.

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31. Emerging Challenges: Emerging Markets Must Adapt to the New Global Reality by Building on Their Economic Success, Min Zhu, *Finance and Development*, June 2011

Emerging economies are growing much faster than the developed economies of the world. Soon they will represent a greater portion of the world's gross domestic product than the developed world.

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32. How Civil Society Can Help: Sweatshop Workers as Globalization's Consequence, Jeff Ballinger, *Harvard International Review*, Summer 2011

What was the cost of the labor that went into that hooded sweatshirt you are wearing with the university logo on it that cost \$38.00? Would you believe 20 cents? How much do you think the university got for licensing its logo on your sweatshirt? Would you believe \$2.00?

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Part B. *Ethical Issues in International Business*

33. Map Room: Global Graft, *World Policy Journal*, World Policy Institute, 2010

What countries suffer from corruption and what countries are less corrupt than others? This question is answered here in the Map Room of the World Policy Institute. Take a look. You might be surprised at what you see.

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34. Deadly Business in Moscow, Tom Cahill, *Bloomberg BusinessWeek*, March 1, 2010

Of the four "BRIC" countries, Russia has been, perhaps, the most disappointing in terms of economic growth. Part of the reason for that can be best summed up in the problem of corruption on the part of the government, as this article demonstrates.

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35. Current Mission Statement Emphasis: Be Ethical and Go Global, Darwin L. King, Carl J. Case, and Kathleen M. Premo, *Academy of Strategic Management Journal*, November 2010

Fortune 500 companies are paying greater attention to their role as global organizations. This simple fact is reflected in the increase in the use of global/international terminology in their mission statements.

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36. Corporate Social Responsibility: Pros and Cons, Ashiq Hussain, *Pakistan and Gulf Economist*, July 10, 2011

Corporate social responsibility is perceived differently in different countries. And some detractors view corporate responsibility actions as a means to deflect attention away from corporate weaknesses.

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UNIT 5

The Future and International Business

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37. The New Population Bomb: The Four Megatrends That Will Change the World , Jack A. Goldstone, <i>Foreign Affairs</i> , January/February 2010 There are trends in the world that can be spotted today that will have consequences for the next 50 years. Four of them are discussed here including population growth, urbanization, aging, and the decline of Europe.	175
38. The Man Who Named the Future , Gillian Tett, <i>Financial Times (London)</i> , January 16, 2010 Jim O'Neil, the chief economist at Goldman Sachs, is the man who coined the phrase "BRIC" for Brazil, Russia, India, and China. It was the prediction of the future that has been adopted by many in the financial and business communities.	180
39. The Future of History: Can Liberal Democracy Survive the Decline of the Middle Class? , Francis Fukuyama, <i>Foreign Affairs</i> , January/February 2012 These are times of change. There are competing models of change to traditional liberal democracy such as the Chinese model of top-down control. How the competition between these and other models will play out in the future is discussed here.	184
40. The Crisis You Don't Know , Adam Davidson, <i>The New York Times Magazine</i> , January 8, 2012 Everyone knows about the financial crisis of 2008 and the Euro crisis of 2010/2011. But there is a deep, long-term crisis in Europe. Europe is becoming progressively less competitive with the rest of the world. While it is true that some small European countries are very rich, others are very poor and on average the average American is nearly 50 percent richer than the average European.	190
41. Finding a Job in the 21st Century , John A. Challenger, <i>The Futurist</i> , September/October 2009 The employment market will look very different in the 21st century than in the 20th century. Keeping one's skills up to date will be an important consideration for all workers, and immigration from one country to another may become far more common in the future.	192
Test-Your-Knowledge Form	196