

THE UNIVERSITY OF NORTH CAROLINA AT GREENSBORO

Bryan School of Business Economics
Department of Business Administration

America in the Global Economy

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MBA 695E-11

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<http://www.uncg.edu/bae/people/ajami.html>

Classes: THU 6:30-9:20 PM

Office hours: WED 5:00-6:00 PM

Classroom: Bryan Auditorium

Office: Bryan 441

Course Objectives

Globalization and worldwide privatization of industries and a semblance of economic and political democratization through various parts of the world are all manifestations of a brave new world – a world characterized by global economic integration and cross-border linkages. The “rise” of China, the “awakening” of India, and the economic revival of Brazil juxtaposed with uncertain options in other countries strongly suggest that a period of economic promise as well as upheaval and uncertainty is upon us. The position of the Euro as a medium of payment rivaling the dollar, as well as other economic challenges in various parts of the world, will result in the realignment of winners and losers in a global market place, creating a higher level of synthesis between economics and politics. Presently economics and business have emerged as major factors in dictating global outcomes, and while the relationship between politics and commerce is not new, the increasing power of international business to influence social and political decisions in industrial democracies and emerging economies certainly is. As evidenced by all the above, the challenges to policymakers, global technocrats and multinational corporate managers are immense.

Technological progress has made globalization possible while resulting in a worldwide market for goods, capital and commercial and technological services. Globalization is creating both costs and benefits in the United States and in many other regions of the world. Low- and high-skill occupations and professions, workers, entrepreneurs and small-, medium- and large-sized enterprises are being impacted by the advance of Globalization and Information Technologies throughout the world.

Student responsibilities

1. The student is expected to attend all class sessions and complete assignments on schedule. Unexcused absences could result in the lowering of the grade a student would otherwise receive.
2. Participation based upon informed synthesis of reading material (assigned as well as other retrieved information by the students from relevant publications [i.e. *Foreign Policy*, *Foreign Affairs*, *The Economist*, etc.]) is expected.
3. Each student is required to do research and write a paper (10 –15 pages double-spaced) on one of the topics assigned by Professor Ajami. The paper must be properly

foot-noted with references and citations. The paper can be done either individually or as a member of a group of no more than three.

4. For assistance in writing and organizing your research paper, please consult Kate, Turabian, Guide to Thesis Writing and/or Aaron, Jane E., The Little, Brown Essential Handbook for Writers, 1997.

Suggested Reading (Among Others):

- ◆ A. T. Kearney, Inc. and the Carnegie Endowment for International Peace. (2004). 'Measuring Globalization: Economic Reversals, Forward Momentum.' In Foreign Policy, March/ April, pp. 54-69.
- ◆ Abdallah, Kamel, Riad A. Ajami, and Marca Marie Bear, (1997) "The Impact of Technological Activities of Multinational Enterprise Subsidiaries on Host Countries: The Case of Non-U.S. Subsidiaries of Computer and Electronics MNE's Operating in the U.S.", *Journal of Transnational Management Development*
- ◆ Ajami A. Riad. (1990) "Transborder Data Flow: Global Issues and Options", Sven B. Lundstedt (ed.), *Telecommunications Values and the Public Interest*, Norwood, New Jersey: Ablex Press.
- ◆ Ajami A. Riad, and Eugene H. Fram (1994) "Globalization of Markets and Shopping Stress: Cross Country Comparisons" *Business Horizons* (January-February 1994), pp. 17-23.
- ◆ Barber, Benjamin R. (2003). Fear's Empire: War, Terrorism and Democracy, New York: Norton.
- ◆ Doremus, N. Paul, Keller, W. William, Pauly, W. Louis and Reich, Simon. (1998) The Myth of the Global Corporation, Princeton University Press, New Jersey.
- ◆ Ferguson, Niall. (2004). Colossus: The Price of America's Empire, New York: Penguin Press.
- ◆ Johnson, Chalmers. (2004). The Sorrows of Empire: Militarism, Secrecy, and the End of the Republic, New York: Metropolitan Books.
- ◆ Kanter, Rosabeth Moss. "Thriving Locally in the Global Economy," *Harvard Business Review*. September-October 1995, pp. 151-160.
- ◆ Mann, Michael. (2003). Incoherent Empire, New York: Verso.
- ◆ Nye, Joseph S. Jr, (2004) Power in the Global Information Age , New York: Routledge.
- ◆ Nye, Joseph S. Jr., (2001) The Paradox of American Power: Why the World's Only Superpower Can't Go It Alone, New York: Oxford University Press
- ◆ Rodrik, Dani. (1997) Has Globalization Gone Too Far? Institute for International Economics, Washington DC.
- ◆ Smil, Vaclav. (2003). Energy at the Crossroads: Global Perspectives and Uncertainties, Cambridge: MIT Press.
- ◆ Soros, George. (2003). The Bubble of American Supremacy, New York: Public Affairs.
- ◆ Soros, George. (1998) The Crisis of Global Capitalism, New York: Public Affairs.
- ◆ Thurow, Lester C. (1997/1998). "New Rules." Harvard International Review 20: 54-59.

- ◆ Todd, Emmanuel. (2003). After the Empire: The Breakdown of the American Order, New York: Columbia University Press.
- ◆ Trumbull, J. Gunnar. (2004). Silicon and the State: French Innovation Policy in the Internet Age, Brookings Institution Press.

RESEARCH PAPER TOPICS

1. Mergers and acquisitions in global industries (oil, airlines, hospitality, consulting, advertising, etc.): Impact, prospects for the success and viability of the industry.
2. Globalization and the information revolution: Transborder data flow and global electronic commerce.

GUIDELINES FOR RESEARCH PAPER TOPICS

Mergers and acquisitions in global industries (oil, airlines, hospitality, consulting, advertising, etc.): **impact, prospects for the success and viability of the industry.**

Worldwide corporate giants or multinational companies are again joining together as they did back in the 1990s. If this global trend continues, we may see further consolidation in the global market.

Unlike the mergers of the 1990s, which were often about grabbing new markets or supposedly undervalued businesses, many of today's are related to viability and industry critical mass. Frightened by contracting markets; by commodity prices (oil); by excess capacity in key markets (automobiles); by the uncertainties of technological change (banks and telecoms); or by the soaring cost of research (pharmaceuticals), companies are opting for the formation of strategic alliances, as well as mergers and acquisitions. Companies in many industries are convinced that they are more likely to prosper if they are huge than if they are merely large.

Dimensions

- ◆ Mergers and acquisitions in the chosen global industry: size and scope
- ◆ Contrast that with mergers and acquisitions in other industries
- ◆ Advantages and disadvantages of global mergers for the chosen industry
- ◆ Impact on global producers and consumers

Reference Materials

Ajami, R. (2004, August 18). 'ExxonAramco?' *The Wall Street Journal*.

Ajami, R. (2000, April 7). 'Wise Action Needed as E-Commerce Meets E-Oil.' *The Journal of Commerce*.

Al-Naimi, H. E. Ali. (2001, September). 'OPEC and the Changing World Energy Scene.' *OPEC Seminar*, Vienna, Austria.

Amaldoss, W.; Meyer, R.; Raju, J.; and Rapoport, A. (2000, Spring). 'Collaborating to Compete.' *Marketing Science*, 19(2), 105-127.

BP Statistical Review of World Energy 2002. Online. Accessed: April 16, 2003. URL: <http://www.bp.com/centres/energy2002/oilreserves.asp>

Cool, K. (1999, December 13). 'Critical Mass and the Winner-Takes-All Battle.' *The Financial Times*, p. 6-7

Crude Oil and Petroleum Product Prices. (2003). Online. Accessed: April 15, 2003. URL: <http://www.eia.doe.gov/neic/infosheets/petprices.htm>

Daboub, A. (2002, Autumn). 'Strategic Alliances, Network Organizations, and Ethical Responsibility.' *S. A. M. Advanced Management Journal*.

Eisenhardt, K. (2002, Winter). 'Has Strategy Changed?' *MIT Sloan Management Review*, p. 88.

Global 500 (2002). Online. Accessed: April 15, 2003. URL: <http://www.fortune.com/fortune/global500/industrysnapshot.html>

Kim, K. and Park, J. (2002, Fourth Quarter). 'Determinants of Value-Creation for Partner Firms in the Global Alliance Context.' *Management International Review*, p. 361-384.

Leading Oil and Gas Companies Around the World (1999). Online. Accessed: April 15, 2003. URL: <http://maguireenergy.cox.smu.edu/resources/energywebsites/forlinks.html>

Nosal, E. and Rupert, P. (2002, April 15). 'A Beautiful Theory.' *Economic Theory*.

Oil Prices and Revenues: An Economic Analysis (2002). Online. Accessed: April 15, 2003. URL: <http://www.eia.doe.gov/emeu/cabs/oprevecn.html>

OPEC Revenues: Country Details. (2002, December). Online. Accessed: April 15, 2003. URL: <http://www.eia.doe.gov/emeu/cabs/orevcoun.html>

Worldwide Crude Oil and Natural Gas Liquids Production. (2002). Online. Accessed: April 16, 2003. URL: <http://www.eia.doe.gov/emeu/finance/mergers/fig2.html>

Worldwide Production of Oil and Natural Gas by 35 Largest Producers, 2000. (2002). Online. Accessed: April 17, 2003. URL: <http://www.eia.doe.gov/emeu/finance/mergers/tab1.html>

We will add references for the consulting/advertising industry.

Globalization and the information revolution: Transborder data flow and global electronic commerce.

The global transborder data flow and global electronic commerce are quickly becoming important issues facing global trade in services. Management gurus have proclaimed that information technology is transforming world commerce. Moreover, the U.S. enjoys an overwhelming competitive advantage in the new networked global village. Many would argue that the global reach of U.S. multinational firms is likely to increase. Others suggest that the networked global economy will allow the Europeans, Asians (China and India), as well as the other new arrivals to the global economy to become major competitors.

For the world economy to continue to grow, and for the world's resources to be used most efficiently, it is critical that the transfer of information continues across national borders unhampered by restrictive regulations. As nations realize the power that lies in the processing and transmission of information, however, the advantages of improved world efficiency are often counterbalanced by other national and indigenous values such as autonomy, diversity, and more parochial considerations.

Dimensions

- ◆ Types of transnational data flow: Corporate scientific and personal participants and forms of global transborder data flow
- ◆ Transborder data flow regulations
- ◆ Political and economic barriers
- ◆ Strategies for the new arrivals: Developing countries and others

Reference Materials

Ajami, R. (1990). 'Transborder Data Flow: Global Issues of Concern, Values, and Options.' In S.B. Lundstedt (Ed.), *Telecommunications, Values, and the Public Interest*. (126-143). New Jersey: Ablex Publishing Corp.

Cha, A.E. (2002, January, 4). 'Rise of Internet 'Borders' Prompts Fears for Web's Future.' *The Washington Post*, E1, E11.

Hammond, A. (2001). 'Digitally Empowered Development.' In J.F. Hoge, Jr. (Vol. Ed.), *Foreign Affairs*. 80 (2), 96-106.

Korbin, S. (2001). 'Territoriality and the Governance of Cyberspace.' In T .L. Brewer (Vol. Ed.), *Journal of International Business Studies*. 32 (4),687-704.

Leamer, E. & Storper, M. (2001). 'The Economic Geography of the Internet Age.' In T .L. Brewer (Vol. Ed.), *Journal of International Business Studies*. 32 (4), 641-655.

Lynch, P. & Beck, J. (2001). 'Profiles of Internet Buyers in 20 Countries: Evidence for Region-Specific Strategies.' In T .L. Brewer (Vol. Ed.), *Journal of International Business Studies*. 32 (4), 687-704.

Marsh, P. (2001, October, 29). 'A New Millennium's Winners and Losers: How the Table was Worked Out'. *The Financial Times*.

OECD. (1997). '*Electric Commerce: Opportunities and challenges for Government*'. France: Paris.

OECD. (1999). '*The Economic and Social Impact of Electronic Commerce: Preliminary Findings and Research Agenda*.' France: Paris

Oxley, J. & Yeung, B. (2001). 'E-Commerce Readiness: Institutional Environment and International Competitiveness.' In T .L. Brewer (Vol. Ed.), *Journal of International Business Studies*. 32 (4), 687-704.

Persaud, A. (2001). 'The Knowledge Gap.' In J.F. Hoge, Jr. (Vol. Ed.), *Foreign Affairs*. 80 (2), 107-117.

Zaheer, S. & Manrakhan, S. (2001). 'Concentration and Dispersion in Global Industries: Remote Electronic Access and the Location of Economic Activities.' In T .L. Brewer (Vol. Ed.), *Journal of International Business Studies*. 32 (4), 667-686.

All papers should include the following sections:

- a) Introduction: List the objective of the paper and scope of your analysis.
- b) Body: This includes the main sections of your paper. Make sure that your paper is analytical rather than just descriptive.
- c) Conclusion: Discuss your conclusions as well as suggestions for future research.
- d) References: List all the references you used in your paper.
- e) Appendix sections: Tables, annual reports, statistics, and other information that may be relevant.