



MGT 2123
INTERNATIONAL BUSINESS IN THE WORLD ECONOMY
SPRING 2011

Course meets: Tuesdays, 9:15 – 11:15 pm, Room 127

Note: No class Tuesday Feb. 15

Makeup class: Wednesday Feb. 16, 4:15 pm in Room 147

Instructors: Wendy Dobson Paul Masson

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Office Hours:	Tuesdays, 3-4 pm Or by appointment Room 523b	Tuesdays, 11:15am-12:15pm (from March 1) or by appointment Bissell 613 140 St. George Street

COURSE SCOPE AND MISSION

One of the defining features of the world economy in the early 21st century is the emergence of large dynamic former developing economies taking their places alongside the traditional players, Europe, the United States and Japan, as important trading partners and as places to invest and carry on international business. Much popular attention is paid to this phenomenon in outsourcing. Underlying these trends are international frameworks created and supported by governments cooperating with each other, frameworks that attract little popular attention. Second, government policy decisions influence the domestic economic environments and external economic relationships through cross-border flows of goods, services, technology, capital and labour. Third, the decisions of multinationals and local enterprises, to create global supply chains for example, influence, and are influenced by, the location of their technology, financing, production and marketing activities around the world. Fourth, and much in the news, are risks of openness as the global financial crisis has revealed to both the advanced and emerging market economies.

The purpose of this course is to bring together for students what they need to know and understand about the international economic environment and key global institutions. The course provides knowledge about important economies that host international businesses and perspectives on what businesses are doing in the various major economies around the world and why and how they are doing it.

By the end of the course, we expect you to be able to address such questions as: How do I assess and predict major economic trends in these economic areas? How do I find out about a national economic and business environment in order to trade, invest or do other

aspects of business there? What do I need to know about key risks associated with exchange rate regimes, financial crises, legal and regulatory environments, problems of corruption and expropriation, and sources of financing? What do I need to know about international institutions and policy regimes?

We will study regionally important countries and groupings of countries, including China, India and Japan in Asia; the United States; the European Union; Brazil in Latin America; Russia, and South Africa. Other countries and associated business cases will be used to provide important general lessons. We will also focus on key aspects of the international environment such as regional trade and financial arrangements in Asia, North America and Europe; global institutions and rules of the road for business; financial crises in Asia; world oil markets; and poverty, corruption, and underdevelopment in areas like Africa that have been left behind by globalization.

This course will be of particular interest to students who left the first year course in Global Managerial Perspectives wanting more depth and detail on the implications of host country environments and the international business and economic environment for decisions to locate in, outsource or export to, a particular country.

PREREQUISITES

MGT 1211 and 1212 or the written consent of the instructor.

REQUIRED READING MATERIALS

- Case and reading package
- Required and optional readings providing more detail, posted to the portal or found in the libraries.

EVALUATION AND GRADES

CLASS PARTICIPATION	5%
CLASS PRESENTATION OF ASSIGNED READINGS	15%
PROJECT	40%
FINAL TEST (Take home)	40%

The reporting of grade point values are assigned as follows:

Letter Grade	Grade Point
A+/A	4
A-	3.7
B+	3.3
B	3.0
B-	2.7
FZ	0

Class Participation (5%)

Regular attendance and class participation are critical to successfully completing the course. The quality of your intervention is important; ask yourself if it leads to deeper understanding by the class of the issue. Quality will also depend on whether you have read each assignment before class and are prepared to discuss it. Two people will be called upon at random to comment on paper presentations and on the assigned reading materials.

Class Presentation of Assigned Readings (15%)

In each class teams of three or four students will present the topic, beginning with the second class, Asian Overview. Presentations will be based on (but not necessarily confined to) the assigned readings. Presentations should summarize and offer a critical analysis of assigned cases and readings in no more than 20 minutes. Presenters will then lead a class discussion. Teams will organize themselves during the first class; presentations will begin in the second class.

Term Project (40%)

The term project will also be a group project. It will be a topic which extends the assigned cases and readings in a new direction as approved by the professors. The final paper will be no more than 10 pages in length (1.5 spaces), plus supporting tables and charts, and be concise, interesting and original and will be submitted at the last class. This kind of paper is often required for briefing Boards of Directors or top policy makers. It provides succinct analysis of a problem as well as options for strategy or policy, together with backed-up recommendations. This paper must use credible academic, government or business publications as source materials.

All paper proposals (summarized in no more than 3 paragraphs) will be due in the sixth week of the course (before the February 22 class) and will receive feedback from the professors. The proposal should be emailed to both of us.

Deadlines: Class date	Project deadline for submission to instructor
Week 6 (Tuesday Feb 22 2011)	Submit topic for approval
Week 12 (Tues. Apr. 5) except for those who present on that day	Submission of group projects The last presenters (April 5) will submit the paper on April 12.

Final Test (40%)

The final will be a take home exam which will be handed out April 12 at the last class and will be due on Monday April 18 at 9:00 am. It should be sent by email to both professors.

COURSE WORK & ACADEMIC HONESTY

Submission of Assignments – Students are required to use the MBA Assignment Cover Sheet Template (see the Portal) for all submitted work which will be reviewed by the Professor. In the case of group assignments, all group members must sign the Assignment Cover Sheet. Late submission of any assignment will only be considered if adequate reasons are provided; a resolution will be determined at the instructor's discretion and may include an academic penalty.

Academic Honesty - The University's Code of Behaviour on Academic Matters ("Code") applies to all Rotman students. The Code prohibits all forms of academic dishonesty including, but not limited to, cheating, plagiarism, and the use of unauthorized aids. Students violating the Code may be subject to penalties up to and including suspension or expulsion from the University. A copy of the Code may be found at: <http://www.utoronto.ca/govcncl/pap/policies/behaveac.html>

The Rotman Code of Integrity

Students are expected to conduct themselves with the utmost integrity during their time at Rotman and, without limiting the foregoing, will:

- Submit only original work, giving credit to others where appropriate;
- Neither give nor receive unauthorized aid in examinations or on assignments;
- Contribute substantially and proportionally to each group assignment;
- Ensure enough familiarity with the entire contents of group assignments so as to be able to sign off on them as original work;
- Accept and acknowledge that assignments found to be plagiarized in any way will be subject to sanctions under the University's Code of Behaviour on Academic Matters;
- Represent themselves honestly to members of the Rotman community and to outsiders; and
- Represent Rotman appropriately to the outside world.

Weekly Schedule

Session	Topics	Readings	Study Questions
Overview			
1. January 18 (Dobson)	Introduction and Overview	Electronic Note: <i>Country analysis frameworks</i> Readings (electronic): - <i>How to Grow</i> - Canada's economy (Finance Cda) -Note on the Potash case	What are the core concepts to be used in the course? What will course cover; what frameworks are used? Why are imbalances and crises such hot topics? Analysis: would you invest in Canada?
International Business in Asia			
2. January 25 (Dobson)	Introduction to Asian topics: 1.Regional integration 2.Global supply chains 3.Innovation/ moving up value chains	Electronic Note: <i>Types of economic integration</i> Readings: "Integrating Production", Asian Development Bank 2008 (use link) <i>Gravity Shift</i> , p. 148-49, 168-81	What is the significance of regional integration in Asia? What is the economic significance of regional production networks? What is the role of innovation? What opportunities for foreign businesses?
3. February 1 (Dobson)	China's emergence	Country Case: <i>China's Renminbi: Our currency, your problem?</i> <i>Gravity Shift</i> : Ch1 (13-22); Ch3 (58-61); Ch4 (75-90); Ch7 (148-58) Note on 12 th Five Year Plan Optional readings: Clissold 2004. <i>Another fine mess</i> ; Hynix article	What are the drivers of China's growth? What is the exchange rate regime and why? Can China's growth be sustained? How will the growth model change in 12 th Five Year Plan? What implications for foreign companies?
4. February 8 (Dobson)	India's transition	Country Case: <i>India: Democracy and Development</i> <i>Gravity Shift</i> : Ch1 (22-32); Ch2 (38-43); Ch4 (90-95); Ch7 (159-63) Optional reading: World Bank, 2007. Overview chapter from <i>Unleashing India's Innovation Potential</i>	Why did India liberalize so much later than China? Can India's growth be sustained? How would you evaluate the government's role in meeting India's development and growth priorities? What is India's innovation potential and how would you contrast it with China's?
Feb. 16 NO CLASS			
Developed economies issues			
5. Wednesday February 16 4:15 pm; Rm 147 (Dobson)	Japan's Stagnation	Country Case: <i>Japan: Deficits, Demography and Deflations</i> Readings: -OECD (2009) <i>Economic Survey of Japan</i> -Japan's lessons for China	Should Japan change the role of government to restore growth momentum? What is the role of innovation in this context?

6. February 22 (Dobson)	The United States NAFTA	OECD Survey of US Economy Readings: -Dobson: “The future of Canada-US relationship -Optional “NAFTA at Ten” (Congressional Research Service)	What are priorities for a sustained US recovery from the global crisis? What will be the role of the US in the world economy in 25 years? What are Canada’s post-NAFTA options?
7. March 1 (Masson)	Europe	Case: <i>European Union in the 21st Century</i> Electronic reading: <i>The creation of the euro</i>	What challenges and opportunities does closer (and expanded) EU integration provide for businesses?
Developing countries and global institutions			
8. March 8 (Masson)	Alternative models of development in Latin America	Case: <i>Brazil under Lula: Off the Yellow BRIC Road</i>	What risks do financial crises pose for foreign companies? How has Brazil made its economy investor-friendly?
9. March 15 (Masson)	World oil markets and the environment	Reading: Ch 1 International Energy Outlook Electronic readings: <i>Demands for Reform in Saudi Arabia</i> <i>The Canadian Oil Sands: Energy Security vs. Climate Change</i>	What are the prospects for world energy demand and supply? What are the impacts on oil demand of environmental issues? How to balance them against security of supply?
10. March 22 (Masson)	Emerging markets in Africa	Case: <i>Foreign Direct Investment and South Africa</i> Electronic Reading: the IMF Article IV report for South Africa	How can South Africa meet the needs of its poorest citizens while remaining attractive to foreign investors? What are the advantages to SA companies in expanding abroad?
11. March 29 (Masson)	Introduction to global institutions, governance, and markets	Case: <i>The Chad-Cameroon Petroleum Development and Pipeline Project</i> Electronic Readings: <i>Chad-Cameroon: A Model Pipeline?</i> <i>World Bank Suspends Loans to Chad</i>	How do national and international policy regimes affect the way companies do business, and their location choices? Why and how do the international institutions help address globalization? What are the tradeoffs between a country’s sovereignty and the desire to channel revenues to help the poorest?
12. April 5 (Masson)	Russia	Readings: Chapters 1, 2 and 4 from <i>Russia after the Economic Crisis</i> , PIIE, 2010.	What are the impediments to foreign investment in Russia? How can Russia modernize its economy and political system?
13. April 12 (Dobson and Masson)	State versus market and overview of course	Key takeaways from course and review	Take-home exam distributed
Monday April 18	Take home exam due by 9am		