**BEFORE YOU GET STARTED…**

We wanted to let you know about some **innovative resources** available to you with Gaspar’s *Introduction to Global Business*.

***New Video Set on DVD***

We know that instructors are always looking for current, “real world” examples that bring concepts to life, so we’ve chosen a set of recent **video clips** from BBC News featuring a range of global business topics from manufacturing and real estate development to goat farming and mining. These short video clips make excellent discussion starters, and we’ve provided discussion guides here in this Instructor’s Manual. At the end of each chapter of this IM, you’ll find either one or two video cases you can add to your in-class presentations if you wish. Be sure to order your *Introduction to* *Global Business* DVD today so you can start sharing these informative videos with your students.

If you prefer to use the video clips as homework assignments with assessment, your students who are using CengageNOW or CourseMate will have access to **Media Quizzes** built around this same video set.

***CengageNOW***

We also know how important it is for your students to develop critical thinking skills and to expand their cultural and geographical knowledge through this course. So we’ve developed several exciting new features available in CengageNow to help you achieve these objectives. Students can purchase access to CengageNOW for a moderate fee in addition to the price of the print book, or they can purchase CengageNOW exclusively, which will give them access to the *Introduction to Global Business* ebook. As always, this product offers a diverse range of useful homework and assessment tools, such as quizzes and study aids, but there are a number of new features we wanted to highlight:

First, CengageNOW features a new set of dramatically enhanced **Interactive Maps**. There are six maps in total, and each map offers a wealth of information on such topics as Political and Cultural Systems, CSR and Ethics, International Trade, Regional Integration, Global Operations, and Foreign Exchange and FDI.

Students can use these Interactive Maps for research projects, and you can assess their understanding of the maps with our **Interactive Map Quizzes**. Each quiz—one per chapter—contains eight multiple choice questions that will require students to read and interpret data on one or more maps and to connect this data to the concepts presented in the text.

And as mentioned earlier, there is a new set of **Media Quizzes** available in CengageNOW. Each of the 17 Media Quizzes features four or five multiple choice questions based on one of the BBC News video clips covering recent stories in China, India, Brazil, Dubai, and beyond.

***CourseMate***

As always, students who choose to purchase CourseMate (available for an additional fee with the purchase of a book) will have access to a host of valuable study tools, such as quizzes and key term flashcards. However, the *Introduction to Global Business* 3e CourseMate also features the **Interactive Maps**, which students can use for research projects. Students will also be able to access the video set through the related **Media Quizzes**.

***Global Economic Crisis Resource Center***

Another constantly refreshed, up-to-the-minute resource you’ll want to be aware of is the **Management Blog** found under Community Resources in the Global Economic Watch/Global Economic Crisis Resource Center. Nearly every day, management instructor Gemmy Allen combs the news headlines and posts business-related stories to the blog that you can bring into the classroom to spark discussion and illustrate concepts. You’ll want to check the blog daily for fresh insights you can use with your students. And of course, the Watch is still loaded with many other valuable teaching aids on business and economics as well.

**Contact your Cengage Sales Representative today for more information on all of our Global Business resources.**

**CHAPTER 1**

***The Rise of Globalization***

**Chapter Outline**

* Introduction
* What Is Globalization?
* Emerging Market Economies
* Decoupling and the Move to a Multi-Polar World Economic Order
* Key International Institutions that facilitate Globalization
* The International Monetary Fund
* The World Bank
* The World Trade Organization
* Institutional Structure and Its Impact on Globalization
* What Is Institutional Structure?
* Transparency of Political Institutions
* Adaptive Institutions to Strengthen Public Participation
* Independent Judiciary and Free Press
* Effective Policy Measures that Promote Globalization
* Good Governance
* Competitive Markets
* Property Rights
* Anticorruption Policies
* Impact of Information technology on Globalization
* The Digital Generation
* Expanding the Global Use of Information Technology
* The Digital Divide Myth
* How Countries “Leapfrog” into the Internet and Cell Phone Era
* The Globalization Controversy
* Job Losses and Income Stagnation
* Sustainable development and Environmental Degradation
* Making Globalization Work for All
* Globalization’s Winners and Losers
* Globalization’s Losers Need Support

**Teaching Objectives**

After covering this chapter, the student should be able to:

* Explain the characteristics of globalization and describe how it functions.
* Identify how major international institutions facilitate globalization.
* Evaluate the need for strong and transparent institutions to adapt to global competition.
* Describe the key policy measures that make globalization sustainable.
* Describe the role of information technology n bridging the global digital divide
* Describe the validity of the anti-globalization argument.
* Explain the case made to temporarily support those people negatively affected by globalization.

**COMPREHENSIVE LECTURE OUTLINE**

**I. Introduction.** We live in highly integrated and interdependent world. Business has become increasingly global in nature, and success of business depends on the domestic economic environment and on developments abroad.

***CLASS ACTIVITY:*** *Use the Cultural Perspective case as an opportunity to allow students to explore the idea of globalization on the examples of cotton producers in Burkina Faso, steel makers in Ukraine, and electronics manufacturers in Singapore. Suggestion: You could ask them to do this case as individuals or in teams as a class activity. Have the students read the case presented in the text and come up with their own examples of businesses affected by globalization.*

**II. What Is Globalization? Globalization** encompasses the socio-economic reform process of eliminating trade, investment, cultural, information technology, and political barriers across countries, which could lead to increased economic growth and geo-political integration and interdependence among nations of the world.

Globalization and international trade and investment are interlinked. Globalization has been based upon changes in national policies:

* Strengthening the role of the private sector
* Supporting free-market pricing
* Eliminating barriers to free movement of goods, services, capital and information technology
* Promoting institutions that enforce transparency, disclosure, and rule of law

**1. Emerging Market Economies**

 Prior to 2000, globalization generally implied that business expanded from developed countries to developing or emerging economies. Now the flow of business had moved in both directions. **Exhibit 1.2 • Strategic Competitors 2020**

* **Emerging market economies** – countries that have been moving toward more open trade and free-market policies
* **BRIC economies** – Brazil, Russia, India, and China

***ECONOMIC PERSPECTIVES: Asia: Reducing Export Dependency and Increasing Domestic Demand.*** *Use the Economic Perspectives case as an opportunity to discuss the difficulties of sustaining rapid economic advancement by countries pursuing a policy of “export-led” growth and the lessons that countries have learned:*

1. *With the decoupling of world economy, diversification of export-oriented nations to include major emerging markets is imperative.*
2. *Countries emphasizing exports should base their strategy on their true competitive advantage.*
3. *For countries with large population, domestic market and growth of the middle class remain important.*
4. *Living on credit can lead to a disaster.*
5. *Country’s financial sector should be adequately regulated.*

*Suggestion: You could ask them to do this case as individuals or in teams as a class activity. Have the students read the case presented in the text and answer the questions at the end of the case.*

*Questions:*

1. *How should countries diversify from a purely “export-led” growth strategy? Answer: export-oriented economies often use income earned from exporting activities to facilitate development of other industries. Example: China is increasingly moving away from low-cost manufacturing and becoming a center of advanced research and development. Yet, for large emerging economies in particular, encouraging domestic demand as a compliment to exports is important for stabilizing economic growth and globalization.*
2. *What are some of the major lessons learned by countries to better prepare them for the next global economic crisis? Answer: As the case suggests, diversification of business activity, regulation of financial sector, expanding its own market, and sustainable development are the most critical strategies of avoiding global economic crisis.*

**2. Decoupling and the Move to a Multi-Polar World Economic Order**

* **Decoupling** refers to a fundamental global shift in which developing economies that were once dependent upon industrialized countries for economic advancement begin to solidly grow based on their own underlying economic strengths.
* Decoupling will eventually lead to a **multi-polar world**, a world economy in which the engines of growth could comprise the U.S., the E.U., China, India, Brazil, Russia, and South Africa.

***DISCUSSION STARTER: REALITY CHECK 1.***

 ***How have job opportunities for business majors from your school been affected by globalization? Do you see any particular trends or challenges?***

**III. Key International Institutions that Facilitate Globalization.** Globalization gained momentum after World War II, when governments of the free world have recognized the importance of international cooperation and coordination, which has led to the emergence of three major international organizations: the International Monetary fund (IMF), the World Bank, and world Trade Organization (WTO). IMF and the World Bank (IBIRD) were conceived in July 1944, when representatives of 45 countries met in Bretton Woods, New Hampshire, U.S.A., and agreed upon a framework for international economic cooperation.

* **The International Monetary Fund –** an institution charged with overseeing the international monetary system and providing global financial stability.
	+ Came into formal existence in December 1945
	+ Began operations on March 1, 1947 in Washington DC
	+ As of June 1, 2011, 187 countries were members
	+ IMF Continues to:
		- Provide a forum for cooperation on international monetary problems
		- Facilitate sustainable growth of international trade
		- Promote exchange rate stability
		- Lend countries foreign exchange when needed
* **The World Bank.**
	+ Primary role was to aid the reconstruction of Europe after the war.
	+ Today WB focuses on reconstruction and restructuring economies.
	+ **The World Bank has several affiliated institutions. Table 1.1 • The World Bank Group’s Developmental Institutions include:**
		- **IBRD**
		- **IDA**
		- **IFC**
		- **MIGA**
		- **ICSID**
* **The World Trade Organization.**
	+ Began in 1948 under the General Agreement on Tariffs and Trade (GATT).
	+ GATT primarily dealt with merchandise trade, mandate of WTO is much broader
	+ WTO is based in Geneva, Switzerland, and has 153 member and additional 30 countries are negotiating to join.
	+ WTO helps global trade to flow smoothly, freely, fairly, and predictably by:
		- Administering trade agreements
		- Acting as a forum for trade negotiations
		- Settling trade disputes
		- Reviewing national trade policies
		- Assisting developing countries
		- Cooperating with IMF and IBRD

***DISCUSSION STARTER: REALITY CHECK 2.***

***What is the status of the Doha Round of trade negotiations? Identify the key stumbling block of this trade negotiation and describe its impact on globalization.***

**IV. Institutional Structure and Its Impact of Globalization. Institutions** are the rules, enforcement mechanisms, and organizations that support market transactions. Successful institutions play three important roles: they efficiently channel information about market conditions; they define property rights and contracts; and they promote competition and innovation.

* **Transparency of Political Institutions.** The foundations of globalized world are political. Political institutions and leaders have to be transparent, otherwise social unrest will arise.
* **Adaptive Institutions to strengthen Public Participation.** Adaptive institutions are government organizations that create strong incentives or private investment and operate under a system of checks and balances.
* **Independent Judiciary and free Press** Investors have greater confidence when conducting business in countries with low crime, effective courts, dependable contract enforcement, and free press.

***DISCUSSION STARTER: REALITY CHECK 3.***

 ***Identify an adaptive institution in your city o state that promotes globalization What are some of the measures advocated by that institution?***

**V. Effective Policy Measures that Promote Globalization.** Countries cannot thrive on high-quality institutions alone, they also need effective policies as complements to globalization.

***ETHICAL PERSPECTIVES: Canadian Terroir?*** *Use the Ethical Perspectives case as an opportunity to discuss the ethical labeling issue facing Canadian Liquor Control Board, which has approved labeling wine with up to 70 percent imported content to be sold as Canadian wine.*

*Questions:*

1. *In the interest of globalization, do you believe that Ontario’s Liquor Control Board is ethical in its wine labeling process? Explain your position. Answer: Canadian Liquor Control Board is unethical, it misleads consumers of Canadian wines.*
2. *With the ongoing globalization process, do you think that as an institution, Ontario’s Liquor Control Board is practicing good governance? Answer: Canadian Liquor Control Board needs to improve its transparency in order to practice good governance. It will promote international wine trade in Canada and will have a positive impact on small producers of quality Canadian wine.*

* **Good Governance.** Policy transparency, competent administrators and consistency over time are measures of effective governance.
* **Competitive Markets.** Countries must enforce regulations that promote free markets, such as antitrust laws – national laws aimed at maintaining competition in all sectors of the economy and preventing monopolistic behavior of firms.
* **Property Rights.** Weak physical and intellectual property rights protection discourages domestic and foreign investors from making long-term commitments.
* **Anticorruption Policies.** Illicit dealings undermine economic performance by raising costs, creating uncertainty, and thwarting competition and transparency.

***DISCUSSION STARTER: REALITY CHECK 4.*** *Ask students to search Transparency International’s website and identify the ranking of the United States and the top ten countries with least corruption. Discuss the findings.*

**VI. Impact of Information Technology on Globalization.** Innovation in information technology are radically changing the way people live all over the world.

* **The Digital Generation.** Communication has become the fastest-growing part of household expenditures since 1993. Millions of people all over the world use the Internet for everything.
* **Expanding the Global Use of Information Technology.** Internet-based applications underlie major advances in science, business organization, environment monitoring, transparent management, education and e-government. Broadband prices have been falling, which enables policymakers maximize the economic potential of remote communities.
* **The Digital Divide Myth. Digital divide** describes the perceived IT gap between developed and developing countries. Fall in prices of digital IT equipment and services accelerated globalization and narrowed the digital gap.
* **How Countries “Leapfrog” into the Internet and Cell Phone Era.** As of 2010,only one-fifth of the world’s population of 6.7 billion had access to the Internet. The next billions of Internet users will vastly different. The majority of them will be from developing countries, and they will connect to the Internet principally via wireless networks. In developing countries the number of cell phone subscribers outnumbers those for fixed-line networks by more than 20 to 1. Developing countries are skipping the use of land-line technology and moving directly to wireless systems.

***DISCUSSION STARTER: REALITY CHECK 5.*** *Ask students to research and determine whether the typical middle-class citizen in Mexico is already in the cell-to-web era.*

**VII. The Globalization Controversy.** Globalization can be viewed as a force for exploitation and injustice. Argument against globalization highlight problems such as the costs of disruptive economic change including job losses and stagnant wages, the loss of local control over economic policies, disappearance of old industries, and related erosion of communities.

* **Job Losses and Income Stagnation.** Critics argue that globalization harms the poor through loss of jobs and stagnant wages. FDI may take jobs from workers in advanced industrial economies and transfer them to less expensive workers in developing countries, while workers in developing countries might be drawn into jobs that may exploit them.
* **Sustainable Development and Environmental Degradation. Sustainable development** is defined as the development that meets the needs of the present without compromising the ability of future generations to meet their own needs. Finding solutions depends upon a shared vision by governments, businesses, non-governmental organizations, and society. Corporate Social Responsibility (CSR) practices are becoming a significant factor in determining where multinational corporations (MNCs) conduct business rather than FDI sparking a “race to the bottom”, MNCs are looking for long term commitment to host countries.

***DISCUSSION STARTER: REALITY CHECK 6.*** *Ask students to determine whether there have been any industrial job losses in their region of the country because of globalization. They should then ask those workers who have lost their jobs about their experiences.*

**VII. Making Globalization Work for All.** The globalization debate should center on how to best manage the globalization process, so that the benefits are widely shared and costs are kept to a minimum.

* **Globalization’s Winners and Losers.** Globalization does create winners and losers. Millions have climbed out of poverty. Additionally, globalization has promoted civil liberties by proliferating information and increasing choices.
* **Globalization’s Losers Need Support.** Countries that have not been able to seize the opportunities to participate in globalization suffer most. National policies ought to be implemented to help retain and educate displaced workers.

***DISCUSSION STARTER: REALITY CHECK 7.*** *Ask students whether they consider themselves “winners” or “losers” of globalization. Let them explain their position.*

**Assignments**

*End-of-Chapter Discussion Questions*

1. What are some underlying factors that are causing decoupling to happen as societies move from a uni-polar to a multi-polar world? In your opinion, in which direction is the balance of global economic power shifting? And is it good for the world economy? Answer: Robust growth, growth of the middle-class, high savings and investment rates, and world-class technical education in BRIC economies suggest the move towards multi-polar world, where economic growth and power will be shifting to BRICs. Faster growth among BRICs will lead to greater global prosperity.
2. What are some of the major economic reform themes that are common to the three international organizations promoting globalization? Answer: Free trade, global and multilateral cooperation, globalization, transparency and fair competition, lack of discrimination among nations.
3. Globalization can be facilitated only if national governments are willing to participate in that process. What roles can the three major international institutions play to be a part of this facilitation process? Answer: Provide a forum for international cooperation, promote economic stability, provide economic analysis and advice to member nations.
4. While domestic institutions play an important role in the globalization process, what are some of the fundamental policy measures that those countries need to promote in order to benefit from globalization? How might these policies be implemented and promoted? Answer: The countries need to promote good governance, competitive markets, property rights, and anticorruption policies can be achieved through competent policy administration, political independence of public agencies, and capabilities of civil servants.
5. Do you believe that there is a “digital divide” in the global economy? Is globalization narrowing that gap? If so, how? Answer: Digital divide in the global economy still exists, since IT infrastructure in the developed market economies is more advanced, and citizens of these countries have more opportunities than citizens of less industrialized countries. Advances in wireless technology have dramatically brought down Internet and related IT cost thereby narrowing the digital gap between developed and developing countries. Developing countries can now skip land lines and “leapfrog” into the digital era.
6. Is sustainable business and economic development the answer to the globalization controversy? Answer: Sustainable business development is part of the answer. Globalization controversy will be resolved only if private sector, governments, and non-government agencies will be working together to help the countries maximize the benefits of globalization and keep the costs to the minimum.
7. Globalization temporarily creates “winners” and “losers”. What reform would you suggest to help those who are not benefiting from globalization? How might these reforms be implemented? Answer: Losers of globalization need help in retraining, access to basic health care and help with career transitions and job search. The governments and non-government agencies, as well as private businesses should share in reaching these objectives.

*Mini-Case Synopsis and Questions*

Politically controlled supply and finite availability of non-renewable energy sources has prompted many nations to seek alternate renewable energy sources. Clean, renewable biofuels are environmentally friendly and contribute to sustainable growth and energy security. Countries should take extreme care in implementing biofuel policies, because more pollution may occur, and resources may be misallocated when subsidies are provided and sectors are protected.

*Questions:*

1. *What are the advantages and disadvantages of biofuels in terms of addressing the challenge of sustainable development?*
* Advantages:
	+ Help achieve energy security
	+ Source of income for the rural population
	+ Reduction in air pollution
	+ Mitigating global warming
* Disadvantages:
	+ Sugar, corn and palm oil prices have risen
	+ Growing biofuels may displace prime agricultural land
	+ Deforestation
	+ Energy used in biofuel production may exceed the energy-content of some types of bioethanol
1. *Should bioethanol production from corn be encouraged, given that corn is used as a basic cereal in many societies? Should bioethanol production be subsidized in the United States, and also be protected against competition from Brazil sugar cane-based bioethanol?*
* Bioethanol derived from sugarcane (Brazilian) is much more cost and pollution efficient. U.S. production of ethanol is corn- or wheat- based, is more expensive, leads to higher pollution, and raises the prices in the cereals market. Subsidies of U.S. production of ethanol and protection from Brazilian competition will ensure energy security for the U.S., but will distort agricultural markets in the U.S. and elsewhere.

*Point/Counterpoint, Interpreting Global Business News,* and *Portfolio Projects*

Students’ answers to these assignments will vary widely. Their writing should reflect an understanding of the chapter’s basic concept, thorough research, and logic and critical thinking skills.

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| **INSTRUCTOR'S NOTES FOR VIDEO CASES** |  |

Title: New Balance in International Trade Unbalance Shoe Co.

RT : 2:45

Topic Key: Emerging economies, Globalization, Institutional structure

According to the latest unemployment report, American manufacturing added 24,000 jobs last

month but in Skowhegan Maine more than 300 manufacturing jobs at a New Balance shoes plant

could be on the line in the face of new competition overseas. Employees at the plant, like Skip

Bowman, know that his company would make more money if it would shut down the plant and

move his job oversees. He says that every day he walks through the doors; he is part of the effort

to keep the factory going. New Balance is the last major brand to produce athletic shoes in the

U.S. About 25% of its manufacturing is still in New England where it has operated for nearly a

100 years. The privately owned company says it is committed to its American workers. In

discussions with Pat Welch, plant manager for New Balance, he says that if they were thinking

about the bottom line and only the bottom line, New Balance wouldn’t be here (Skowhegan

Maine). In the backdrop of plant operations, Welch interacts with workers to indicate that that

reality is not lost on the more than 300 people who work there. They work fast as 220 pieces

move through 33 pairs of hands with efficiency. With 19 seconds to stitch and inspect each

piece and less time to glue the souls, the results are significant. In 2004, it took 8 days or 192

hours to finish a pair of performance shoes. Today, this group finishes in less than 3 hours

(2.75). Other employees, like Sarah Clark-Theraima say that the quicker they make the shoes the

cheaper it is. Roy Ellis, plant worker, says that everyone continuously tries to improve the

process so that we can do better.

But a new threat has emerged. A trade agreement being pushed by the Obama administration

called the Trans-Pacific Partnership would open 8 developing markets to U.S. goods. The goal is

to create jobs in the U.S. but it removes a steep import tax on Vietnamese made sneakers which

would threaten jobs at the Skowhegan, Maine New Balance plant. Welch says that if this tariff

were lifted, it’s not going to help our business or the bottom line. American workers are 10 times

more costly than Vietnamese workers and the cost per shoe could be much lower. He says the

trade agreement makes me and the associates nervous because it will reduce our competitiveness

 in making shoes domestically.

New Balance says it will stand by its workers by adjusting its production or its prices. The

management has vowed to keep the plant open. John Wilson, Vice President for Manufacturing

New Balance, says they would not layoff any of its associates. Ray Ellis, employee interviewed

again, says they are out there on a limb all by themselves and we are their limb to hold them

up—we have to do our part.

*Also check out <http://bangordailynews.com/2012/03/07/business/snowe-wants-u-s-trade-ambassador-to-visit-new-balance-facility-in-skowhegan/>*

Suggested Discussion Questions and Answers

* What will determine the success or failure of New Balance?
	+ Success or Failure: New Balance is faced with changes in the rules of the game or in its external environment by way of the Trans-Pacific Partnership. New Balance says it will continue to compete on price or its production if the partnership trade agreement impacts their business. With this said, New Balance has already begun to take a proactive approach toward their success. Having done so, they recognize that their production processes (resources) and capabilities to improve exist for making them more competitive against potentially low-cost labor from Vietnam. New Balance’s success will be determined through their continued approach toward a resource-based view and looking inward at opportunities to become unique and enviable to the competition. Without such action and being vulnerable and constrained by the external environment, New Balance is doomed for failure.
* What view of globalization is suggested through the New Balance Company?
	+ Text: Globalization is the socio-economic reform process of eliminating trade, investment, cultural, information technology, and even political barriers across countries, which in turn could lead to increased economic growth and geo-political integration and interdependence among nations of the world.
	+ New Balance View of Globalization: New Balance and its employees feel like globalization losers because their domestic competitiveness is being threatened along with their jobs and very existence. While New Balance is faced with how to remain competitive, it appears the company has bounced back from other globalization impacts before through improving its processes. And according to its associates, they continue to find ways to make the company better. This kind of reaction is reflects a vision for moving forward in the face of globalization.
* What impact will emerging economies and the Trans-Pacific Partnership have on New Balance?
	+ Text: Emerging economies are countries that are moving toward more open trade and free market policies.
	+ Impact: The Trans-Pacific Partnership, which includes emerging economies like Vietnam, will reduce the domestic competitiveness of New Balance because it will reduce tariffs on imported shoes from Vietnam (low-cost labor), thus, lowering their price in the US market. With American workers already 10 times more costly than Vietnam workers, New Balance is faced with losing domestic market share and production demand. Emerging economies also place pressure on New Balance to be increasingly innovative beyond just improving the processes of making shoes.
* With regard to New Balance, what are the costs and benefits of globalization?
	+ New Balance Costs of Globalization:
		- Constraints by other country institutional frameworks (formal and informal)
		- Domestic job losses
		- Risk
		- Profitability
	+ New Balance Benefits of Globalization:
		- Improved resources and capabilities
		- More cultural integration
		- Greater growth
		- Increased Profitability
* Is globalization a cure for poverty?
	+ While globalization brings about closer integration and interdependence of economies and societies, job losses, stagnant wages, loss of local control over economic policies and developments, disappearance of old industries, and erosion of communities can be the fallout. While the text infers that globalization is a cure for poverty, those individuals and countries faced with the negative effects of globalization must be able to seize opportunities brought about by globalization in order to climb out. If not, globalization to some will be considered the road to poverty.
	+ The instructor may expand this discuss in other avenues.

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| **INSTRUCTOR'S NOTES FOR VIDEO CASES** |  |

Title: Thai Economy is Booming

RT : 2:37

Topic Key: Globalization, Emerging economies, Multi-Polar world economic order, IMF, The World Bank, WTO, Globalization policies, Foreign direct investment (FDI), Sustainable globalization

The video opens with a view of the streets of Thailand while the narrator asks: So why Asia? Why is somewhere like Thailand of all places keeping the world economy going? Better known for its beaches, economically, tourism is well down the list. It’s not bars—it’s cars that are making Thailand rich. Manufacturing is speeding up its growth. This hub—1/2 hour from seaside is dubbed the Detroit of the East. Ford is spending 500 million pounds here and creating 10s of thousands of jobs to supply a rapidly growing Asian market. According to a Ford executive, Asia is where the vast majority of automotive industry growth is going to take place over the next few years and by our plans 70% of our company’s growth worldwide is going to take place in Asia over the next 8 years.

The Asian economic crisis began here in the late 1990s but lessons learned helped them ride the recent recession more smoothly. This is why Asia is booming. Export goods sold and shipped from here are keeping the global economy afloat. Without them, the economic crisis worldwide would be a lot worse. It’s always sold things but Asia needs to get its own consumers buying more as well for this growth to continue. Thailand executives say, so far, we have always pursued an export oriented strategy and there will be a rebalancing that will take effect as level wealth and income increase. As it increases rapidly in Asia, we will become consumers of the world as well and I think that must be positive.

There is money here. Currencies are strong and Thailand would be interested in buying British companies. Thailand has snapped up 3 major British brands in the last 6 months. British investors are racing to get a return from Asian growth. Boots is opening 25 more shops in Asia this year. A Boots executive says, with Asia, growth is exponentially greater with a market that is relatively on top, and one attractive to a western company to come into. We see long term growth in Asia. The narrator concludes that so does everyone else. The future of global economic growth is here and pressing ever onward.

*Also check out* [*http://online.wsj.com/article/SB10001424052702303610504577417381545848156.html*](http://online.wsj.com/article/SB10001424052702303610504577417381545848156.html)

Suggested Discussion Questions and Answers

* How has Asia/Thailand become an emerging market economy?
	+ Text: Emerging market economies are countries that are moving toward more open trade and free market policies.
	+ Asia/Thailand: According to the video, Asia/Thailand is economically rich in car they have allowed Ford to spend 500 million pounds there and create 10s of thousands of jobs to supply its market. Asia is also increasing its exports as well.
* What contributions do US based Ford and British companies make to creating a multi-polar world as a result of their FDI in Thailand?
	+ Text: A sustainable decoupling process would eventually lead to a multi-polar world-a world economy in which the engines of growth could comprise the US, the European Union, China, India, Brazil, Russia, and South Africa rather than the United States alone.
	+ US based Ford and British companies: By investing in Thailand the US and Britain funds are being used to provide Thailand the ability to decouple and become independently able to rely on their own economic strengths.
* What role would the IMF, The World Bank, and WTO have with US based Ford and British companies in creating Thailand’s booming economy?
	+ Text: The International Monetary Fund (IMF) is charged with a global system of exchange rates and international payments that enables countries and their citizens to buy goods and services from each other. The World Bank’s major role is for reconstruction and restructuring of economies to make them efficient along with poverty reduction. The World Trade Organization (WTO) sets trade rules.
	+ The IMF could ensure US and British payments with Thailand, The World Bank can provide partnering reconstruction efforts between US, Britain, and Thailand. And, The World Bank can continue to support free trade among US, Britain, and Thailand which creates a more collaborative trading environment for globalization.
* Does Asia/Thailand have appropriate policy measures in place to promote globalization? Are there confrontations with inbound FDI?
	+ The video does not explicitly indicate that policy measures are in place to promote globalization but from the infiltration of Ford and British companies, it is evident that they are accepting of globalization. There does appear to be some concerns from inbound FDI as Thailand begins to buy up British companies who exist there.
* What suggestions would you have for Thailand in making their efforts toward globalization sustainable?
	+ Text: The Brundtland Commission defined sustainable development as development that meets the needs of the present without compromising the ability of future generations to meet their own needs whether environmentally, socially, or economically.
	+ Thailand will need to develop sustainable development policies and increase measures for FDI involvement,