天津外国语大学(天外)
Tianjin Foreign Studies University (TFSU)

Global Economics

Online class starts at 08:00

(Beijing Time, GMT+8)

Ivan Monich, PhD

February 21, 2023

Agenda for the first online class

1. Teacher introduction
2. Syllabus overview
3. First lecture.
4. The first seminar

1. Teacher's introduction

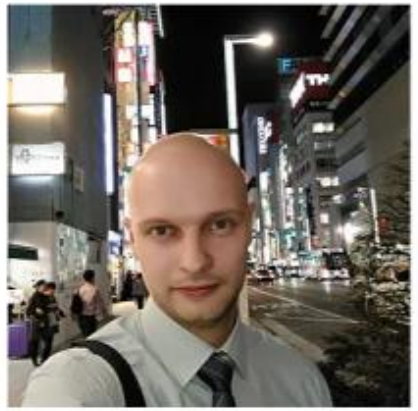
Ivan holds PhD in Economics; he is a researcher with a special emphasis on cross-border tourism in Europe and Asia, From January 2021 is the Federal Expert of the Russian Agency for Strategic Initiatives in the Regional Tourism Development Council.

Ivan has an experience in leading an international tour operator company and aims to bridge the academic and business worlds together to benefit the local society.

Ivan Monich

www.Monich.pro

Welcome | Publications | CV | Mass Media | Projects&Grants | EN | RU | ZH



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Ivan Monich - Sustainable Tourism Researcher

Ph.D. in Economics, Docent

Current position: Visiting Researcher at Umea University, Umeå, Sweden

Previous position: Associate Professor at the Economics and Management Department, Transbaikal State University, Chita city, Russia
Previous position: Senior Lecturer at Tourism department of Nanning Normal University, Nanning city, China
Previous position: Visiting Researcher at Umea School of Business and Economics, Umeå University, Umeå, Sweden

Languages: English (fluent), Russian (mother tongue), Chinese (HSK 4)

Research interests: sustainable tourism, innovation in tourism, tourism economy, cluster approach, cross-border cooperation with China, marketing.

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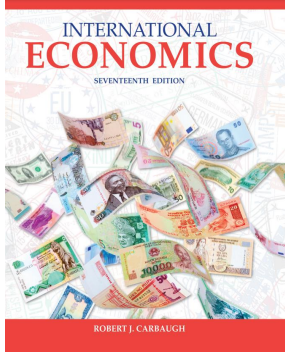


Course Description and Syllabus

The course of Global Economics interprets international economy as a system and presents its functional mechanisms. It is divided into two thematic sections related to all areas which interact, namely:

international commerce, global currency market, global capital market and regional integration. The main purpose of the course is to study the influence which the openness of the economy has on its balance, as well as to analyze the possible harmful effects and how they can be eliminated.

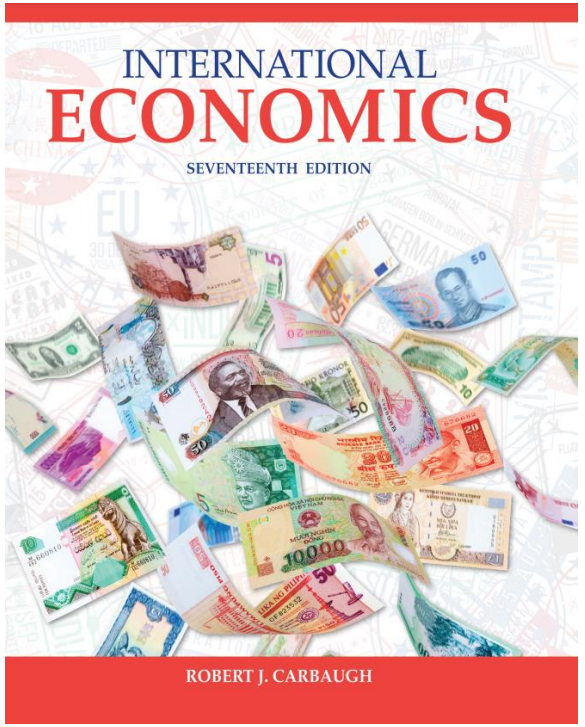
Various transmission mechanisms are examined in details; instruments to exert influence and different types of policies are introduced. The knowledge gained from the course gives students the opportunity to interpret the state of the national economy in relation to the rest of the world and the changes which take place in macro policies.

№	TOPIC	Academic Hours			
		Full Time		Distance Learning	
		L	S	L	S
	Part 1 CONTEMPORARY THEORIES OF INTERNATIONAL TRADE				
1	**INTRODUCTION IN TRADE MODELS** World economy. Measures of the degree of openness of the economy. Nature and types of customs duties. The impact of customs duties on small and large importing countries. Types of customs protection. Quantitative limits of import- quota, voluntary export restrictions. Other non-price forms of restrictions. Export subsidies	6			
2	**DYNAMICS APPROACH IN THE THEORY OF INTERNATIONAL TRADE** Contemporary alternative theories of international trade. Imperfect competition in international trade. Role of transport costs in international trade. International trade as a tool for macroeconomic regulation	6			
3	**TARIFFS, NATIONAL WELFARE AND GROWTH** The use of trade policy tools in modern conditions. Regulation: liberalization. Globalization of markets and changes in company and national policies. Customs duties, quotas, subsidies and well-being. Hierarchy of international trade policies. Free trade area and macroeconomic balance.	6			
4	**INTERNATIONAL TRADE EQUILIBRIUM** Customs Union: Free Trade Area. Static and dynamic effects of the customs union. Rising return - Johnson model. Effect on well-being.	6			
5	**THE COST OF PROTECTION IN TRADE** Basic concepts. Effective level of protectionism. Other trade policy instruments. Commercial wars. WTO and international trade policy. New protectionism. The role of integration communities in contemporary conditions. European trade policy.	6			
	Part 2 CONTEMPORARY THEORIES OF INTERNATIONALIZATION OF PRODUCTION				
6	**INTERNATIONAL FACTOR MOVEMENTS** Internationalization of production and capital. Nature and specifics of the international capital market. Forms of international capital movement. Portfolio theory. The role of TNC for the development of the world economy. The need for regulation of international capital markets.	6			
7	**FOREIGN EXCHENGE MARKET** Nature and functions of the exchange rate. The foreign exchange market model. Spot and forward market. Principles of the functioning of the international monetary system. Alternative currency regimes. The nature of the balance of payments. Main groups of accounts in balance of payments. Accounting approach to compile balance of payments. Approaches for managemet of balance of payments. Automatic adjustment and tools. Induced adjustment and tools.	6			
8	**CONTEMPORARY THEORIES OF EQUILIBRIUM IN AN OPEN ECONOMY** Macroeconomic equilibrium in an open economy. Characteristics of the model. Change in equilibrium for different exchange rate regimes. Swan diagram. Opportunities of the national macroeconomic policy in a small open economy. IS-LM equilibrium in an open economy. Determinants of equilibrium GDP and equilibrium interest rate at floating and fixed exchange rate. Effectiveness and inefficiency of monetary policy. Effectiveness and inefficiency of fiscal policy. Combination of fiscal and monetary policy.	6			
9	**FINANCIAL DEBT AND EQUILIBRIUM IN OPEN ECONOMIES** Modern debt crises - essence, genesis, solution. The European sovereign debt crisis - characteristics. Mechanisms for crisis management and transmission effects in an open economy. Declining autonomy of economic policies. Transmission of macroeffects. International transfer of cyclical fluctuations. Specifics of global economic crises. Transmission of interference and regional integration.	6			
10	**CONTEMPORARY THEORIES OF ECONOMIC INTEGRATION** Nature and objectives of regional integration. Models of economic integration. Evolution of the idea of EMC. From EMC-01 to EMC-02. New regulatory bodies - features and capabilities. European Banking Union. Conducting of POLICY MIX in the Eurozone.	6			

Course Description and Syllabus

Part 1 CONTEMPORARY THEORIES OF INTERNATIONAL TRADE

Part 2 CONTEMPORARY THEORIES OF INTERNATIONALIZATION OF PRODUCTION

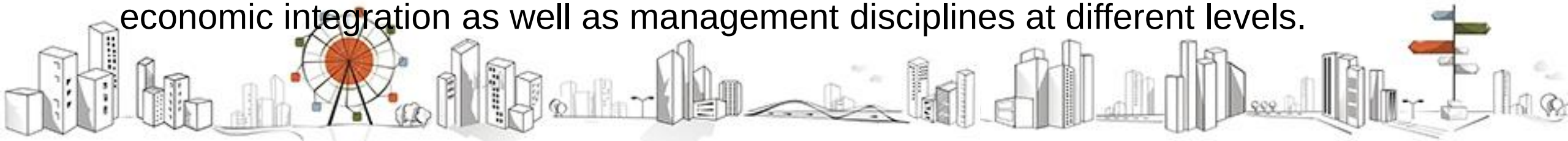


Expected Learning Outcomes

The course gives knowledge about major categories in the world economy - International prices and their formation, customs duties and non-tariff restrictions and their influence on volumes of trade flows, types of exchange rates, balance of payments, transnational companies and integration communities and mechanisms.

Skills to analyze and interpret world-class economic phenomena, to situate corporate behavior in international markets, to understand the consequences of imbalances in trade and balance of payments. The conditions for membership in an integration community and the resulting consequences from this membership is learnt as well.

To all special disciplines related to international finance, foreign trade, European economic integration as well as management disciplines at different levels.



Introduction to the Global Economics

Source:https://pixabay.com/illustrations/worl
map-map-waves-dots-fill-556036

Waves of Globalization.

In recent decades, there has been pronounced global economic interdependence. Economic interdependence occurs through trade, labor migration, and capital (investment) flows such as corporation stocks and government securities.

First Wave of Globalization: 1870–1914

- The first wave of global interdependence occurred from 1870 to 1914. The interdependence was sparked by decreases in tariff barriers and new technologies that resulted in declining transportation costs, such as the shift from sail to steamships and the advent of railways.

5-minute break

Second Wave of Globalization: 1945–1980

- Falling transportation costs continued to foster increased trade. Nations persuaded governments to cooperate to decrease previously established trade barriers.
- During the second wave of globalization, most developing countries did not participate in the growth of global trade in manufacturing and services. The combination of continuing trade barriers in developed countries and unfavorable investment climates and antitrade policies in developing countries confined them to dependence on agricultural and natural resource products.

Latest Wave of Globalization

The latest wave of globalization that began in about 1980 is distinctive. First, a large number of developing countries, such as China, India, and Brazil, broke into the world markets for manufacturers. Second, other developing countries became increasingly marginalized in the world economy and realized decreasing incomes and increasing poverty. Third, international capital movements, which were modest during the second wave of globalization, again became significant.

Latest Wave of Globalization

For traditional economists, globalization is a pathway to prosperity. This optimism is rooted in the works of the British economists, Adam Smith in 1776 and David Ricardo in 1817, who maintained that trade is the basis for wealth because it makes countries more efficient by allowing each to specialize at what its workers do best. However, the downside of globalization in a modern economy was becoming increasingly apparent by the 2000s. The linking of disparate nations economically resulted in an increase in the world labor pool, pitting workers in wealthy nations against poorly paid ones in developing nations.

INTERNATIONAL TRADE APPLICATION

Diesel Engines and Gas Turbines as Movers of Globalization

When you consider internal combustion engines, you probably think about the one under the hood of your car or truck, the gasoline-powered engine. Although this engine is good for moving you around, it is not adequate for moving large quantities of goods and people long distances; global transportation requires more massive engines.

What makes it possible for us to transport billions of tons of raw materials and manufactured goods from country to country? Why are we able to fly almost anywhere in the world in a Boeing or Airbus jetliner within 24 hours? Two notable technical innovations that have driven globalization are diesel engines, which power cargo ships, locomotives, and large trucks, and natural gas-fired turbines that power planes and other means of transportation.

The diesel engine was first developed to the point of commercial success by Rudolf Diesel in the 1890s. After graduating from Munich Polytechnic in Germany, Diesel became a refrigerator engineer, but his true love lay in engine design. He developed an engine that converted the chemical energy available in diesel fuel into mechanical energy that could power trucks, cargo ships, and so on. Today, more than 90 percent of global trade in manufactured goods and raw materials is transported with the use of diesel engines.

The natural gas-fired turbine is another driver of globalization. A gas turbine is a rotary engine that extracts energy from a flow of combustion gas. This energy produces a power thrust that sends an airplane into the sky. It also turns a shaft or a propeller that moves locomotives and ships. The gas turbine was invented by Frank Whittle, a British engineer, in the early 1900s. Although Wilbur and Orville Wright are the first fathers of flight, Whittle's influence on global air travel should not be underestimated.

These two engines, diesels and turbines, have become important movers of goods and people throughout the world. They have reduced transportation costs to such an extent that distance to the market is a much smaller factor affecting the location of manufacturers or the selection of the origin of imported raw materials. Indeed, neither international trade nor intercontinental flights would have realized such levels of speed, reliability, and affordability as have been achieved had it not been for diesel engines and gas turbines. Although diesels and turbines have caused environmental problems, such as air and water pollution, these machines will likely not disappear soon.

What do you think? How did diesel engines and gas turbines promote international trade among nations?

Sources: Vaclav Smil, *Prime Movers of Globalization*, MIT Press, Cambridge, Massachusetts, 2010; and Nick Schulz, "Engines of Commerce," *The Wall Street Journal*, December 1, 2010.

Why Is Globalization Important?

- Since ancient times, international trade has allowed consumers to buy goods that are not produced domestically. Production can be separated from consumption, often by great distances. This notion was discussed by the famous English economist, David Ricardo, in 1817. He observed how Portuguese wine was traded for English cloth. Countries did not have to grow grapes to enjoy wine, Ricardo noted. Thanks to trade, they could transform the cloth they produce into wine.
- Ricardo saw that because of trade, individuals, firms, regions, and nations can specialize in the production of things they do well and use the earnings from these activities to purchase from others those items for which they are high-cost producers. Therefore, trading partners can produce a larger joint output and achieve a higher standard of living than would otherwise be possible. Economists refer to this as the law of comparative advantage

Why Is Globalization Important?

- Economists have generally found that economic growth rates have a close relation to openness to trade, education, and communications infrastructure. Countries that open their economies to international trade tend to benefit from new technologies and other sources of economic growth.

Why Is Globalization Important?

- On the other hand, rapid growth in countries like China and India has helped to increase the demand for commodities like crude oil, copper, and steel. Thus, American consumers and companies pay higher prices for items like gasoline. Rising gasoline prices, in turn, have spurred governmental and private sector initiatives to increase the supply of gasoline substitutes like biodiesel or ethanol. Increased demand for these alternative forms of energy has helped to increase the price of soybeans and corn that are key inputs in the production of chicken, pork, beef, and other foodstuffs.

Because Kodak's ...
technology and customer ...
digital camera technology, its competitors ...
the same digital camera technology, and only then did ...
but it was too late to make the transition.

Kodak ignored it altogether

2007574041Sun Zhuxuan

The leader of Kodak look down on the market competition，refusing to be innovative,in the end the digital cameras replace the film.

its popular brand. 2.Kodak faced no pressure to change its strategy of selling cheap cameras to customers who would buy lots of its expensive film. 3.Kodak also failed to understand emerging markets.

zhang jiayun张佳昀

1. underestimate the competitiveness of its rival

10-minute break

Globalization and Competition

- Although economists recognize that globalization and free trade can provide benefits to many firms, workers, and consumers, they can inflict burdens on others. Consider the cases of Eastman Kodak Company, the Schwinn Bicycle Company, and Element Electronics, Inc.
- Kodak provides a striking example of an industrial giant that faltered in the face of global competition and advancing technology. By 2012 Kodak was running short of cash. As a result, Kodak filed for Chapter 11 bankruptcy under which it would undergo reorganization under the supervision of a bankruptcy court judge.

Q1: Please, provide the summary of the Kodak bankruptcy reasons. R&D

2007574041Sun Zhuxuan

The leader of Kodak look down on the market competition，refusing to be innovative,in the end the digital cameras replace the film.

200718成轩超ChengXuanc

1.the development of digital cam- eras and smart phones that operate as cameras, It gradually replaced Kodak2.Kodak hasn't changed its marketing strategy as competitors have emerged

Globalization and Competition

Although economists recognize that globalization and free trade can provide benefits to many firms, workers, and consumers, they can inflict burdens on others. Consider the cases of Eastman Kodak Company, the Schwinn Bicycle Company, and Element Electronics, Inc.

Globalization Forces Kodak to Reinvent Itself

Kodak is a multinational imaging and photographic equipment company headquartered in Rochester, New York. Its history goes back to 1889 when it was founded by George Eastman. During much of the 1900s, Kodak held a dominant position in the photographic equipment market. In 1976 it had a 90 percent market share of film sales and an 85 percent share of camera sales in the United States. Kodak's slogan was "You press the button and we do the rest." However, Kodak's near monopoly position resulted in a culture of complacency for its management who resisted changing their strategy as global competition and new technologies emerged.

In the 1980s, Japanese competitor Fuji Photo Film Co. entered the U.S. market with lower priced film and supplies. However, Kodak refused to believe that American consumers would ever desert its popular brand. Kodak passed on the opportunity to become the official film of the 1984 Los Angeles Olympics. Fuji won these sponsorship rights, which provided it a permanent foothold in the American market. Fuji opened up a film manufacturing plant in the United States, and its aggressive marketing and price cutting began capturing market share from Kodak. By the mid-1990s, Fuji held a 17 percent share of the U.S. market for photo film while Kodak's market share plunged to 75 percent. Meanwhile, Kodak made little headway in Japan, the second largest market for its photo film and paper after the United States. Clearly, Kodak underestimated the competitiveness of its Japanese rival.

Another factor that contributed to Kodak's decline was the development of digital cameras and smart phones that operate as cameras. Strange as it may seem, Kodak built one of the first digital cameras in 1975, but Kodak was slow in launching the production of digital cameras. Because Kodak's competitors did not have this technology at that time, Kodak faced no pressure to change its strategy of selling cheap cameras to customers who would buy lots of its expensive film. All of this changed in the 1990s with the development of digital cameras by companies like Sony. With its lucrative film sales dropping, Kodak launched the production of digital cameras.

By 2005, Kodak ranked at the top of the digital camera market in the United States. Despite high growth, Kodak failed to anticipate how fast these digital cameras became commodities with low profit margins, as more companies entered the market. Kodak's digital camera sales were quickly undercut by Asian competitors who could produce their cameras more cheaply. Also, smart phones were developed to replace cameras. Kodak also failed to understand emerging markets. Kodak hoped that the new Chinese middle class would purchase lots of film. They did for a short while, but then decided that digital cameras were preferable.

Kodak provides a striking example of an industrial giant that faltered in the face of global competition and advancing technology. By 2012 Kodak was running short of cash. As a result, Kodak filed for Chapter 11 bankruptcy under which it would undergo reorganization under the supervision of a bankruptcy court judge. Following its filing, Kodak

announced that it would stop making digital cameras, pocket video cameras, and digital picture frames and focus on the corporate digital imaging market. Therefore, Kodak sold off many of its businesses and patents while shutting down the camera unit that first made it famous. Many of Kodak's former employees lost retirement and health care benefits as a result of the bankruptcy. In 2013, Kodak received court approval for its plan to emerge from bankruptcy as a much smaller digital imaging company. It remains to be seen how Kodak will perform in the years ahead.

Bicycle Imports Force Schwinn to Downshift

The Schwinn Bicycle Company illustrates the notion of globalization and how producers react to foreign competitive pressure. Founded in Chicago in 1895, Schwinn grew to produce bicycles that became the standard of the industry. Although the Great Depression drove most bicycle companies out of business, Schwinn survived by producing durable and stylish bikes sold by dealerships that were run by people who understood bicycles and were anxious to promote the brand. Schwinn emphasized continuous innovation that resulted in features such as built-in kickstands, balloon tires, chrome fenders, head and tail lights, and more. By the 1960s, the Schwinn Sting Ray became the bicycle that virtually every child wanted. Celebrities such as Captain Kangaroo and Ronald Reagan pitched ads claiming that "Schwinn bikes are the best."

Although Schwinn dominated the U.S. bicycle industry; the nature of the bicycle market was changing. Cyclists wanted features other than heavy, durable bicycles that had been the mainstay of Schwinn for decades. Competitors emerged, such as Trek, which built mountain bikes, and Mongoose, which produced bikes for BMX racing.

Falling tariffs on imported bicycles encouraged Americans to import from companies in Japan, South Korea, Taiwan, and eventually China. These companies supplied Americans with everything ranging from parts to entire bicycles under U.S. brand names, or their own brands. Using production techniques initially developed by Schwinn, foreign companies hired low-wage workers to manufacture competitive bicycles at a fraction of Schwinn's cost.

As foreign competition intensified, Schwinn moved production to a plant in Greenville, Mississippi in 1981. The location was strategic. Like other U.S. manufacturers, Schwinn relocated production to the South in order to hire nonunion workers at lower wages. Schwinn also obtained parts produced by low-wage workers in foreign countries. The Greenville plant suffered from uneven quality and low efficiency, and it produced bicycles no better than the ones imported from Asia. As losses mounted for Schwinn, the firm declared bankruptcy in 1993.

Eventually Schwinn was purchased by the Pacific Cycle Company that farmed the production of Schwinn bicycles out to low-wage workers in China. Most Schwinn bicycles today are built in Chinese factories and are sold by Walmart and other discount merchants. Cyclists do pay less for a new Schwinn under Pacific's ownership. It may not be the industry standard that was the old Schwinn, but it sells at Walmart for approximately $180, about a third of the original price in today's dollars. Although cyclists may lament that a Schwinn is no longer the bike it used to be, Pacific Cycle officials note that it is not as expensive as in the past either.[4]

[3]Judith Crown and Glenn Coleman, *No Hands: The Rise and Fall of the Schwinn Bicycle Company, an American Institution* (New York: Henry Holt and Co., 1996); and Jay Prideaux, *Schwinn Bicycles* (Osceola, WI: Motorbooks International, 2002). See also Griff Witte, "A Rough Ride for Schwinn Bicycle," *The Washington Post*, December 3, 2004.

Element Electronics Survives by Moving TV Production to America

Few American industries have faltered as much as television manufacturing. During the 1950s–1960s, there were about 150 domestic producers and employment stood at about 100,000 workers. Imports began arriving, first from Japan and later from China, South Korea, and other Asian countries. The introduction of flat panel televisions tipped the scales further in favor of Asia, because their lighter weight and sleek styling made shipping costs cheaper than the heavier and more bulky tube televisions that formerly dominated sales. By the early 2000s, American television manufacturing was virtually nonexistent.

Costs in China have recently been going up as workers' wages and other expenses, such as transportation, have increased. Meanwhile, sluggish wage increases in the United States and rapid productivity gains have reshaped many U.S. factories into more robust competitors.

One such competitor is Element Electronics, Inc. headquartered in Eden Prairie, Minnesota. In 2012, Element Electronics became the only company assembling televisions in the United States. All of the parts of its televisions are imported. On an assembly line located in Detroit, Michigan, the firm produces a variety of flat screen models that are sold by Walmart, Target, and other retailers. Element Electronics made the decision to manufacture products in America to shorten its supply chain and related lead times, thus becoming more responsive to American consumers. This would allow the firm to get the right products, at the right price, to the right place at the right time as well as reduce waste and increase the quality of the consumer's out-of-box experience.

Element Electronics' locating a factory in Detroit provided advantages in terms of a qualified labor pool and distribution efficiencies based on population across the United States. Also, the firm said that by producing in Detroit rather than in Asia, it could avoid a 5 percent tariff on imported televisions and the higher cost of shipping televisions to American retailers. In 2013, the firm estimated that the average savings on tariffs was $27 for a 46-inch television, enough to account for the higher-cost workers of Detroit. Moreover, the firm automated the assembly of its televisions to reduce the amount of labor required to build a television.

Officials of Element Electronics said that locating production in the United States was an emotional decision. Rather than being a contributor to jobs leaving America for other countries, they wanted to pioneer a resurgence of creating quality manufacturing jobs in the United States. Element Electronics televisions are shipped in boxes printed with a red, white, and blue flag on the side to portray a "Made in America" image. The boxes also display American workers assembling televisions at the Detroit factory.[5]

[3]Ashok Bindra, "Element Electronics Brings TV Manufacturing Back to the United States," TMCNet, January 11, 2012; "Element Electronics' USA Made TV Is Bringing Jobs Back Home," *Americans Made Insider*, February 17, 2013; Timothy Aeppel, "Detroit's Wages Take on Chinas's," *The Wall Street Journal*, May 23, 2012; Matt Roush, "Element Electronics America Matters," *CBS Detroit*, January 11, 2012.

[4]This section is drawn from James Gwartney and James Carter, *Twelve Myths of International Trade*, U.S. Senate, Joint Economic Committee, June 2000, pp. 4–11.

Common Fallacies of International Trade

Although gains from international trade are apparent, misconceptions prevail. One misconception is that trade results in a zero-sum game—if one trading partner benefits, the other must suffer. It turns out that both partners can benefit from trade.

Common Fallacies of International Trade

Another misconception is that imports result in unemployment and burden the economy, while exports enhance economic growth and jobs for workers. The source of this misconception is a failure to consider the connections between imports and exports.

Common Fallacies of International Trade

- People sometimes feel tariffs, quotas, and other import restrictions result in more jobs for domestic workers. However, they fail to understand that a decrease in imports does not take place in isolation. When we impose import barriers that reduce the ability of foreigners to export to us, we are also reducing their ability to obtain the dollars required to import from us. Trade restrictions that decrease the volume of imports will also decrease exports. As a result, jobs promoted by import barriers tend to be offset by jobs lost due to falling exports.

INTERNATIONAL TRADE APPLICATION

Is the United States Losing Its Innovation Edge?

The next time that you are at an electronics store, pick up an iPhone. Open the box and you will find that the device was designed by Apple Inc. in California. Next look at the back of the iPhone and you will see that it was assembled in China.

In the past, the United States has seen numerous industries disappear from its shores and locate in other countries. Industries ranging from smart phones to wind turbines, from solar panel technology to highly advanced computer circuitry born in the United States, now exist elsewhere. Moreover, when abandoning an industry, the United States may also lose technologies that would foster the development of future industries.

Consider the case of the Amazon Kindle. In 2007, in a Silicon Valley research facility, Amazon engineers and designers developed the Kindle electronic reader, a device that enables users to download and read newspapers, magazines, textbooks, and other digital media on a portable computer screen. Amazon first released the Kindle in November 2007 for $399, and it sold out in 5.5 hours; the device remained out of stock for five months, until late April 2008. By 2011, the Kindle

(continued)

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To produce the electronic ink for the Kindle, Amazon initially partnered with E-Ink Co., a U.S.-based firm. Because E-Ink did not have the technology to produce the computer screen for the Kindle, Amazon had to look for another partner. The search initially began in the United States, but it was not successful since American firms lacked the expertise and capability to produce the Kindle screen. Eventually, Amazon turned to Prime View, a Taiwanese manufacturer, to produce the screen. Soon thereafter, Prime View purchased E-Ink and moved its production operations from the United States to Taiwan. Even though the Kindle's key innovation, its electronic ink, was invented in the United States, most of the value added in producing the Kindle wound up being captured by the Taiwanese.

Some economists maintain that the United States has been losing its innovation edge as American manufacturers locate abroad. They note that manufacturing is a key driver of research and development that generates inventions that fuel economic growth. The United States cannot sustain the level of economic growth it needs without a strong manufacturing sector. According to these economists, to promote a stronger manufacturing sector, the United States needs investment-friendly public policies.

Other economists disagree. They contend that from the perspective of America's competitiveness, all of the key technologies and high-value-added activities are still captured on American soil and that the United States leads the world in scientific and technological development. They also note that trade and comparative advantage foster an evolution in a country's industries over time. In the television market, the manufacturing of televisions initially began in the United States. As technologies became standardized, television production moved offshore to countries with much lower wages and manufacturing costs, and prices continued to fall, to the benefit of consumers.

The global economy is dynamic, and the firms that have survived have been the ones able to transform their business models to match their competitors. U.S. firms will continue to face strong competition as other countries master next-generation production techniques and accrue expertise in innovation. In Chapter 2, we will learn more about the outsourcing of production and jobs to other countries.

What do you think? Is the United States losing its innovation edge?

Sources: Robert Gordon, *The Rise and Fall of American Growth*, Princeton University Press, Princeton, New Jersey, 2016; Andrew Liveris, *Make It in America: The Case for Re-Inventing the Economy*, John Wiley & Sons, Inc., Hoboken, New Jersey, 2011; and James Hagerty, "U.S. Manufacturers Gain Ground," *The Wall Street Journal*, August 18, 2013.

2007574048XinHairong
Although in general the U.S. still leads the world in the development of technological innovation, its infrastructure is more dilapidated, coupled with the rapid development of technology in various countries, can pose a certain threat to the United States.

zhang jiayun张佳昀
U.S. will face strong competitions from other countries, because of innovations and lower costs, but all of the key technologies are still captured by America.

While basic science development will take place as the funding for innovative activities.

2007574041Sun Zhuxuan
Avoiding easy manufacture,USA has more energy in research and innovation.

200716 Zuo Zhiye
With the development of science and technology, advanced technology needs more time to study. Based on the above, the United States seems to focus on innovation in knowledge rather than innovation in manufacturing, which does not mean that it is not competitive.

- What do you think? Is the United States losing its innovation edge? Please, share your opinion in our chat.

200718ChengXuanchao
I suppose the advantage is diminishing. The article mentioned tha some technologies have been transferred from the US to countrie with lower wages and manufacturing costs, such as TV manufacturing. I think this is an inevitable trend. Although the US economy is still strong, many developing countries are also developing their own advantageous industries, such as India's chi and China's aerospace and cloning technology,The US also faces strong competitors.

张博宇
technology is going to reach a bottleneck,and the other countries is keep improving their technology

2007574063 Li Tongyu
the United States continues to lead the world in science and technology and appears to be in no imminent danger of losing its edge.

11:12

Yile Qin 2007574055
moving factories to another countries is to lower the production costs and wages and USA still has the core technology and innovation ability.

2007574042李弈乐LiYile
No.American manufacturing industry is still focused on high-cutting-edge industries. Despite the globalization of production under the tide of globalization, American technology is still in a leading position

2007574049 Xiao TianYu
It is not losing its edge, but outsourcing production and work to other countries. As far as iPhone is concerned, the United States has been dominant in the research and development of core technology chips.

Is International Trade an Opportunity or a Threat to Workers?

- International trade provides both an opportunity and a threat for firms and workers, as seen in the case of North Carolina. As of 2018, companies from North Carolina exported goods to countries such as Canada, Mexico, China, and Japan. The state's largest merchandise exports included chemicals, machinery, transportation equipment, computer and electronic products, and textiles and fabrics. Export activities created jobs for about 158,000 residents of North Carolina. However, international trade has also resulted in casualties to the firms and workers of North Carolina

Is International Trade an Opportunity or a Threat to Workers?

- As an economy opens up to international trade, domestic prices become more aligned with international prices; wages tend to increase for workers whose skills are more scarce internationally than at home and to decrease for workers who face increased competition from foreign workers. As the economies of foreign nations open up to trade, the relative scarcity of various skills in the world marketplace changes still further, harming those countries with an abundance of workers who have the skills that are becoming less scarce. Increased competition also suggests that unless countries match the productivity gains of their competitors, the wages of their workers will deteriorate. It is no wonder that workers in importcompeting industries often lobby for restrictions on the importation of goods so as to neutralize the threat of foreign competition. Slogans such as “Buy American” and “American goods create American jobs” have become rallying cries among many U.S. workers.

Has Globalization Gone Too Far?

- Most mainstream economists maintain that open economies provide more and morevaried opportunities than do closed ones. And, in general, greater opportunity makes people better off.

Has Globalization Gone Too Far?

- In spite of this optimism, critics maintain that U.S. trade policies primarily benefit large corporations rather than average citizens—of the United States or any other country. Environmentalists argue that elitist trade organizations, such as the World Trade Organization, make undemocratic decisions that undermine national sovereignty on environmental regulation. Unions maintain that unfettered trade permits unfair competition from countries that lack labor standards. Human rights activists contend that the World Bank and International Monetary Fund support governments that allow sweatshops and pursue policies that bail out governmental officials at the expense of local economies.

Has Globalization Gone Too Far?

- Some economists have detected a structural problem of globalization. They maintain that by the 2000s, globalization was increasingly exposing a deep fault line between groups who have the skills and mobility to flourish in global markets and those who don’t have these advantages. For example, America’s massive increases in imports from China have adversely affected employment and wages in parts of the country (Tennessee, Kentucky, Ohio, and Pennsylvania) that produce goods (footwear, apparel, furniture, and low-end electronics) that compete with China. The workers in those regions are often the losers of globalization. When they lose a factory job, they often stay put; those who manage to find new jobs are paid less than before. What should be done to help displaced workers has become a political hot potato for government officials

example, the epidemic or political factors.

Do you have some additional advantages or disadvantages of the globalization that you would like to add to the list?

200717 GuoSitong

In places where environmental laws are not strict, non-renewable energy is used in large quantities, resulting in increased environmental costs and environmental pollution, such as in China

Advantages and Disadvantages of Globalization

Advantages	Disadvantages
Productivity increases faster when countries produce goods and services in which they have a comparative advantage. Living standards can increase more rapidly.	Millions of Americans have lost jobs because of imports or shifts in production abroad. Most find new jobs that pay less.
Global competition and cheap imports keep a constraint on prices, so inflation is less likely to disrupt economic growth.	Millions of other Americans fear getting laid off, especially at those firms operating in import-competing industries.
An open economy promotes technological development and innovation, with fresh ideas from abroad.	Workers face demands of wage concessions from their employers, which often threaten to export jobs abroad if wage concessions are not accepted.
Jobs in export industries typically pay up to 18 percent more than jobs in import-competing industries.	Besides blue collar jobs, service jobs and white collar jobs are increasingly vulnerable to operations being sent overseas.
Unfettered capital movements provide the United States access to foreign investment and maintain low interest rates.	American employees can lose their competitiveness when companies build state-of-the-art factories in low-wage countries, making them as productive as those in the United States.

Business Week, April 24, 2000, p. 41.

2007574042李弈乐LiYile

It can achieve the best language and culture, the ultimate basic confirmation of universal and it is conducive to the spread and acceptance of advanced human thought. But the gap between rich and poor has widened.

2007574023GongXirui

globalization promote extension of world market the domestic companies cansatisfy the growing demands of global customer to get a supply chain instead of gaps between countries and contribution to world GDP growth.

2007574063 Li Tongyu

advantage：Transfer of technology throughout the globe is good for us. Any country can borrow the technology through the agreement and can implement it in their country for their overall development. We can communicate each other easily from any part of the globe by using advance technology at minimal cost, time and efforts.

SUMMARY

1. Throughout the post–World War II era, the world's economies have become increasingly interdependent in terms of the movement of goods and services, business enterprise, capital, and technology.
2. The United States has seen growing interdependence with the rest of the world in its trade sector, financial markets, ownership of production facilities, and labor force.
3. Largely owing to the vastness and wide diversity of its economy, the United States remains among the countries whose exports constitute a small fraction of national output.
4. Proponents of an open trading system contend that international trade results in higher levels of consumption and investment, lower prices of commodities, and a wider range of product choices for consumers. Arguments against free trade tend to be voiced during periods of excess production capacity and high unemployment.
5. International competitiveness can be analyzed in terms of a firm, an industry, and a nation. Key to the concept of competitiveness is productivity, or output per worker hour.
6. Researchers have shown that exposure to competition with the world leader in an industry improves a firm's performance in that industry. Global competitiveness is a bit like sports: You get better by playing against folks who are better than you.
7. Although international trade helps workers in export industries, workers in import-competing industries feel the threat of foreign competition. They often see their jobs and wage levels undermined by cheap foreign labor.
8. Among the challenges that the international trading system faces are dealing with fair labor standards and concerns about the environment.

What are the top three current issues of the global economy today?

Assignment 1

1. One paragraph of text describing the one main issue in details.
2. Then just mention another two.

This task will help me to polish the syllabus by including the topics you are interested in Global Economics, and on another hand, it will let me check your understanding of the current issues that world economy is facing nowadays.

2007574042李弈乐LiYile

Population problem: The rapid growth of the world population gives rise to many problems. In particular, the excessive population growth in some economically underdeveloped countries has affected the economic development, social stability and improvement of people's living standards of the whole country, and brought many problems to human life.

2007574042李弈乐LiYile

Another two: resources problem and environment problem

Yile Qin 2007574055

1.Global economy and international trade increase the opportunities for people to find jobs since the companies gain benefits from specialization and division in the market. It also improves the efficiency and innovation.

2.Some countries may become more fragile, and it will depend more on other countries due to lack of technology and skilled labors.

3.Globalization is becoming a threat to environment since more wastes and pollution occur.

200717 GuoSitong

The three major problems of economic globalization are population, resources and environment. Economic globalization makes the economy grow rapidly around the world, mostly at the expense of the environment. They pursue benefits and profits, and the competition between countries also greatly damages the ecological environment

2007574047Liu Yanyun

The three major issues of economic globalization are population, resources and environment.

Liu Ze2007574053

1.population

2.Resources are limited.The lack of oil, coal, and other minerals constrains economic growth.

3.Environmental issues.

2007574085lei xinyi

The first problem is the unemployment of workers. As people's career choices and work scope become broader, it has made it more difficult for many low-skilled workers in developed countries or people with lower education to find jobs, because companies can obtain the same labor force with lower wages. The second problem is that some domestic industries will be threatened by the same foreign industries, and the domestic consumer market will be squeezed, resulting in reduced profits and reduced enterprise size. The third problem is that the transfer of domestic factories and enterprises to developing countries will lead to the reduction of GDP.

zhang jiayun张佳昀

2. limited resources

200716 Zuo Zhiye

Whether it is population or resources and environment, globalization will lead to capital flows to regions with low human costs and cheap natural resources, such as Southeast Asia today

2007574047Liu Yanyun

The three issues of economic globalization are population, resources and environment. The shortage of various mineral resources such as oil and coal due to excessive exploitation has limited economic development.And more and more people are beginning to pay attention to environmental problems caused by economic activities because it is related to future human development.

2007574063 Li Tongyu

1. Rising tariffs. the United States has decided to engage in a series of trade wars, using tariffs as its main weapon. China has also put tariffs on hundreds of billions of dollars worth of American imports. This trade war and its consequences will be felt around the world for some time to come. The levels of trade that exist between the two nations will impact many other countries. This trade war and its consequences will be felt around the world for some time to come. The levels of trade that exist between the two nations will impact many other countries.

2.Cyber-attacks and data integrity concerns cripple large parts of the internet.

3.Governments confiscating shipments

2007574005SiyangShen

The three main issues of economic globalisation are population, resources and the environment

Firstly, the impact of increasing population on the global economy is that there are fewer resources and the uneven distribution of the global population has led to disparities in economic development between countries.

Secondly, the biggest impact of economic globalisation on the environment is the relocation of polluting industries from some developed countries to developing countries, which increases the inequality in the distribution of resources.

2007574041Sun Zhuxuan

1.Inequality between developed and developing countries has been increasing and the gap between the rich and the poor has become wider.

2.Manufacture may cause pollution and wastage.

3. The circular flow of goods, money, and resources.

Seminar

What are 7 factors that affect the global economy?

Factors affecting global economy

- Natural resources;
- Infrastructure;
- Population;
- Labour;
- Human capital;
- Technology;
- Law.

Thank you