

International Business 340

BUSINESS ENVIRONMENT IN INDUSTRIAL COUNTRIES

Spring 2007

Dr. Debra Glassman

Office Hours:
Tuesdays 4-6 p.m.,
and by appointment

Course Description

This course examines business in Europe, with an emphasis on the countries of the European Union (EU). The course reviews the evolution of the EU, from its origins in the 1950s through the launch of the euro and the recent expansion of membership. Then we look at common EU policies, in areas such as competition, agriculture, and external trade. Finally, we examine specific companies, developments and issues in a number of industry groups, such as commercial aircraft, telecommunications, and pharmaceuticals. We focus on two themes that shape the business environment in the EU. The first theme is how differences in national cultural values are reflected in national business practices and policies. The second theme is the tension between the degree of competition in the European marketplace and the size of firms.

Course requirements

Approx. % of final grade

Policy research with presentation	20%
Company case paper and presentation (May 23 and May 30)	30%
Midterm exam (April 30)	25%
Final exam (Monday, June 4, 230-420 p.m.)	25%

The exams consist of essay questions with half-page or one-page answers. Examples of essay questions and additional information will be distributed before the midterm. The final exam focuses on material after the midterm. I will also take attendance and participation into account in assigning the course grades.

Readings

The textbook is The Politics and Economics of the European Union, 2nd ed., 2001 by Robert A. Jones, Edward Elgar Publishing (available at the University Bookstore)

A number of readings will be handed out in class. Additional readings may be assigned. You will receive lecture notes in class, which should be treated as required reading.

Course information on-line

You can contact me by e-mail at the address _____@u.washington.edu. I check my e-mail regularly on weekdays.

The class has a website on Blackboard. I will post announcements there, along with the syllabus, assignments, and sample exam questions.

LIST OF TOPICS AND READINGS

The order of topics and readings given below is subject to change (with prior notice). Each reading should be completed before the date given.

- Unless otherwise indicated, the reading is from the Jones textbook.
- An asterisk (*) means that I will provide a copy of the reading as a class handout.
- Additional readings may be assigned.

DATE TOPIC, READING

3/26 Introduction; forms of economic integration

* Robert Schuman, "Declaration of 9 May 1950."

3/28 Origins of the European Union; legacy of segmented markets

Jones, "The Purpose and Plan of the Book," xxii-xxix

Jones, Chapter 1

* J. Peter Killing, "Ford-Fiat and the European Automobile Industry," from International Management: Text and Cases, 2nd ed., 1994, by Paul W. Beamish et al.

* Fred Kapner, "Big-name car maker fights to regain its sex appeal: FIAT," Financial Times, November 12, 2001, p.4.

* Gabriel Kahn and Lee Hawkins Jr., "GM to Pay Fiat \$1.99 Billion to Settle Dispute Over Alliance," Wall Street Journal, February 14, 2005, p.A.1.

* Adrian Michaels, "Step one for Sergio Marchionne when he arrived as chief executive at Fiat in June 2004 was hiring and firing," Financial Times, September 28, 2006, p.3.

4/2 European integration through the Single Market Program; EU institutions

Jones, Chapter 10

Jones, Chapter 5 (pp.105-132 only; I recommend that you skim the rest of the chapter so that you know where to look if you need to research another institution)

4/4 Single Market in practice

“Singling out the market,” The Economist, February 24, 2007.

Read the following examples of single market silliness and be prepared to discuss what they illustrate about the challenges of completing the single market:

- * “Strawberry Field,” The Economist, June 3, 1995, p.50.
- * “Olive indigestion,” The Economist, April 12, 1997, p.50.
- * Paul Tugwell, “Greece’s Sole Right to Label Product Feta Stirs Complaint,” Wall Street Journal, February 19, 2004.
- * Raf Casert, “EU: When it comes to feta, the Greeks stand alone,” Chicago Tribune, October 26, 2005.
- * “Travelling with pets: Commission offers summer holiday solution despite Member State delays,” Europe Rapid press release, IP/04/724, June 9, 2004.

4/9 Cultural values and national business systems

- * Debra Glassman, "The Cultural Context of International Business," manuscript, Sept. 1994.
- * Jean-Louis Barsoux and Peter Lawrence, "The Making of A French Manager," Harvard Business Review, July-August 1991, pp.58-67.
- * Mark Mulligan, “When the siesta starts to lose its relevance,” Financial Times, June 13, 2006.

4/11 Cultural values and alliances; cultural values and retailing

- * Cheryl Johnson and Carolyn S. Younker, "AT&T: Technically Brilliant But Interculturally Average," in International Business Case Studies for the Multicultural Marketplace, edited by Robert T. Moran, David O. Braaten and John E. Walsh, Jr., 1994, pp.179-185.
- * Marcus Walker, “Cash Economy—Behind Slow Growth in Europe: Citizens’ Tight Grip on Wallets,” Wall Street Journal, December 10, 2004, p.A.1.
- * “New! Nouveau! Neu! Nieuw!” Marketing Week, June 19, 2003, p.30.
- * Teri Agins, “Costume Change: For U.S. Fashion Firms, A Global Makeover,” Wall Street Journal, February 2, 2007.

After reading the three articles above, make a list of three ways in which cultural differences affect retail behavior; bring to class.

4/16 Cultural values and localization; cultural values and labor

- * John E. Walsh, Jr. and William P. Coon, "Anheuser-Busch (A): Developing a Global Brand in Germany," in International Business Case Studies for the Multicultural Marketplace, edited by Robert T. Moran, David O. Braaten and John E. Walsh, Jr., 1994, pp.241-255.

Be prepared to discuss the following questions:

- 1) *What marketing strategy (strategies) do you recommend to overcome the historical tie of Germans to their local beer brands?*
- 2) *Should Anheuser-Busch build a new brewery, buy an existing brewery or license a German brewery to produce Budweiser?*

- * Tom Hundley, "This Bud's for the trademark lawyers," Seattle Times, June 3, 2001, p.A13.
- * Douglas Clement, "European Vacation," The Region, Federal Reserve Bank of Minneapolis, December 2003.
- * Leila Abboud, "Exit Strategy: At France Telecom, Battle to Cut Jobs Breeds Odd Tactics," Wall Street Journal, August 14, 2006.

4/18 Common Agricultural Policy

Jones, Chapter 7, pp.210-228

- * "Europe's farm follies – The EU's agricultural policy," The Economist, December 10, 2005, p.27.
- * Joe Bolger, "Life not so sweet for European sugar farmers under new regime," The Times, October 26, 2006.
- * Andrew Bounds, "Farmers 'will need second income'", Financial Times, December 30, 2006.

4/23 US and EU in the WTO

Jones, Chapter 17 (skim pp.392-408; read pp. 409-412)

- *Edward Alden and Martin Arnold, "EU 'cannot cut farm tariffs futher'," Financial Times, December 8, 2005, p.13.
- * Alan M. Field, "Europe turns to 'Plan B'" Journal of Commerce, January 29, 2007.
- * George Gedda, "EU agriculture commissioner sees need for balance in Doha round trade talks," Associated Press, February 9, 2007.

4/25 Boeing and Airbus

* "Peace in our time," The Economist, July 26, 1997, p.59.

Tracey Boles, "Boeing, Airbus wage \$5.4 trillion dogfight for airliner supremacy," Knight Ridder Tribune Business News, July 30, 2004.

* Don Phillips and Graham Bowley, "U.S. and EU break truce on subsidies for aircraft trade," International Herald Tribune, March 21, 2005, p.1.

* Kevin Done, "Boeing chief hopes talks can resolve Airbus dispute," Financial Times, July 20, 2006.

* Emily Flynn Vencat, "The House Divided; Buckle your seat belts: Airbus, the French-German champion of European industry, is headed for a breakup," Newsweek, March 19, 2007.

4/30 MIDTERM EXAM

5/2 EU enlargement; Economic and Monetary Union (EMU)

Jones, Chapter 20

Jones, Chapter 11 (you may also want to skim Chapter 3 on the Maastricht Treaty)

5/7 EMU and macroeconomic policy

* G. Thomas Sims, "Broken Pledges May Hit Euro Zone; Members Struggle to Keep Within Limits for Deficits, Fueling Economic Concerns," Wall Street Journal, April 13, 2004, p.A2.

* G. Thomas Sims, "Europe Sees Limits on Growth; Structural Problems Pose a Risk of Inflationary Pressures," Wall Street Journal, July 22, 2004, p.A11.

* Economist.com, "Another stab at the stability pact," September 8, 2004.

* Ralph Atkins and George Parker, "Bitter Union: Gallic Gripes create strains in the eurozone," Financial Times, January 26, 2007.

5/9 Lisbon Agenda

- * Brian Groom and Peter Norman, "EU leaders agree sweeping reforms; Lisbon Summit sets goal of creating 20M jobs within a decade," Financial Times, March 25, 2000.
- * Tobias Buck and Daniel Dombey, "Missed targets: why has the European Union failed in its efforts to match the economic strides of the US?" Financial Times, March 25, 2004, p.17
- * "EU Businesses Still Plagued by Red Tape, Companies Say," Los Angeles Times, March 22, 2004, p.C-5.
- * Marcus Walker and Dan Bilefsky, "New EU Chief Outlines Agenda to Spur Growth," Wall Street Journal, February 3, 2005, p.A.14.
- * Sarah Laitner and Clive Cookson, "EU research spending falls further behind," Ft.com, December 8, 2005.

5/14 Competition policy

Jones, Chapter 12

5/16 Competition policy in practice

Read the following articles about the end of block exemptions for car makers and car dealers. Be prepared to describe what changes were predicted and what changes occurred in the European auto market. Have consumers benefited?

- * "A look at life after the block exemption," Automotive News Europe, December 18, 2000.
- * James Mackintosh and Susanna Voyle, "Monti looking to drive down cost of new cars," Financial Times, October 2, 2002.
- * Bill Britt, "New sales rules help Asian automakers," Automotive News Europe, January 26, 2004.
- * Anthony Lewis, "Big dealers look at the long term Block Exemptions," Financial Times, March 1, 2005.

Re-read: "Peace in our time," The Economist, July 26, 1997, p.59.

5/21 Industry updates

Jones, Chapter 13 (with primary emphasis on pp. 341-342).

Additional reading TBA

5/23 The volatile euro – implications for business; company case presentations

* “Tested by the mighty euro,” The Economist, March 20, 2004.

* Roland de Courson, “Weak dollar means mixed tidings for steel industry,”
Agence France Presse, December 12, 2004.

* Eduardo Porter, “Weak dollar nibbles into the U.S. appetite for truffles,”
International Herald Tribune, December 24, 2004, p.11.

5/30 Company case presentations

6/4 FINAL EXAM 2:30-4:20 p.m.