

GLOBAL TURNING POINTS

Understanding the Challenges for Business and Society in the 21st Century

Mauro F. Guillén and Emilio Ontiveros

Syllabus and Teaching Plan

This document outlines the syllabus and teaching plan for each of the topics covered in the book. It provides a chapter-by-chapter guide for 24 days of class, i.e. a full-semester class. The class is meant to familiarize the student with the global transformations of our day, noting the implications for politics, the economy, the global balance of power, and the environment.

We recommend below additional readings to give the students in addition to the corresponding chapter in the book, Mauro F. Guillén and Emilio Ontiveros, *Global Turning Points: Understanding the Challenges for Business and Society in the 21st Century*. Second, updated and expanded edition (Cambridge: Cambridge University Press, 2016).

The powerpoints for the first two days of class are available for free at:
<http://www-management.wharton.upenn.edu/guillen/>

The powerpoints for the rest of the sessions are available if the book is adopted as required reading. Please send an email to guillen@wharton.upenn.edu and ontiveros@afi.es.

Each day of class is 1.5 hours.

1. Introduction

Globalization is a process of change that tends to increase exchange, awareness, and interconnectivity in the world. This session outlines the key debates about globalization, and advances the main topics to be covered in the class.

Readings:

Global Turning Points, Chapter 1.

Mauro F. Guillén, 2001, "Is Globalization Civilizing, Destructive or Feeble? A Critique of Five Key Debates in the Social-Science Literature." *Annual Review of Sociology* 27:235-260.

Discussion questions:

1. What are the main drivers of globalization?
2. Why is globalization such a contested phenomenon?
3. What are the most important milestones in the process of globalization?

2. The new demography: Fertility, life expectancy and population aging

Fertility (children per woman) has been on the decline for decades in most regions around the world. Meanwhile, life expectancy continues to increase. This session examines the implications of these changes for the geographical distribution and age structure of human populations.

Readings:

Global Turning Points, Chapter 4

Goldstone, Jack A. 2012. "A Theory of Political Demography." In Jack A. Goldstone, Eric P. Kaufmann, and Monica Duffy Toft, eds., *Political Demography: How Population Changes Are Reshaping International Security and National Politics*. Boulder, CO: Paradigm Publishers, pp. 10–28.

Sciubba, Jennifer Dabbs. 2012. "A New Framework for Aging and Security." In Jack A. Goldstone, Eric P. Kaufmann, and Monica Duffy Toft, eds., *Political Demography: How Population Changes Are Reshaping International Security and National Politics*. Boulder, CO: Paradigm Publishers, pp. 63-77.

Discussion Questions:

1. Why is fertility declining around the world?
2. What are the political implications of demographic change?
3. What are the economic consequences of demographic change?

3. International migration and refugees

International migration has spiked over the last twenty years, sparking heated debates. This session deals with the controversies over the volume and consequences of international migration. Different theories of migration and assimilation are discussed. The increasing numbers of refugees are also analyzed.

Readings:

UN, *International Migration Report 2015: Highlights* (2016).

Susan K. Brown and Frank D. Bean, "Assimilation Models, Old and New: Explaining a Long-Term Process." Migration Policy Institute (2006).

OECD, "Is Migration Good for the Economy?" *Migration Policy Debates* (May 2014).

Discussion questions:

1. Why is migration on the increase?
2. What are the benefits and the costs of migration for the origin and for the destination countries?

3. What are the advantages and disadvantages of different models of immigration and assimilation policy?

4. From dictatorship to democracy and failed states

Most countries in the world have adopted the democratic system of government, but in practice not all of them have political freedoms and a working democracy. At the same time, many countries around the world suffer from state failure. This session covers the global trends, and the implications for political violence.

Readings:

Global Turning Points, Chapter 5.

Global TrendLab. 2014. *The Future of the State*. Philadelphia, PA: The Lauder Institute and Knowledge@Wharton. http://lauder.wharton.upenn.edu/wp-content/uploads/2015/05/Global_TrendLab_2014_State.pdf

Marshall, Monty G., and Benjamin R. Cole. 2014. *Global Report 2014: Conflict, Governance, and State Fragility*. <http://www.systemicpeace.org/vlibrary/GlobalReport2014.pdf> (accessed July 13, 2016).

Discussion questions:

1. What are democracies, dictatorships, and anocracies?
2. What is a failed state?
3. What are the global trends in armed conflict?

5. The impact of new technologies on politics

New technologies have taken the world of politics by storm. This session focuses on how new technologies are changing the political landscape, from the 2004 general election in Spain, to Obama's election in 2008, the Arab Spring, and the rise of Trump to power.

Readings:

Bremmer, Ian. 2010. "Democracy in Cyberspace." *Foreign Affairs* 89(6): 86–93.

Jack A. Goldstone, "Understanding the Revolutions of 2011: Weakness and Resilience in Middle Eastern Autocracies." *Foreign Affairs* (May-June 2011).

Suárez, Sandra L. 2006. "Mobile Democracy: Text Messages, Voter Turnout, and the 2004 Spanish General Election." *Representation* 42: 117–128.

Wang, Yu, Yuncheng Li, and Jiebo Luo, "Deciphering the 2016 U.S. Presidential Campaign in the Twitter Sphere." (2016) <https://arxiv.org/pdf/1603.03097.pdf>

Discussion questions:

1. What role did voter turnout play in the upset election victory of the left-wing party in Spain in 2004?
2. How have new technologies changed the political landscape in the Middle East and North Africa?

3. What are the fundamental lessons from the 2008 and 2016 presidential elections in the United States?

6. A global economy out of balance: The road to the crisis

The global economy used to be dominated by Europe and the U.S., but emerging markets have come to represent more than half of the total. In this day of class, the powerpoints walk the students through the changing economic and financial landscape that created the conditions for the 2008 crisis.

Readings:

Global Turning Points, Chapter 2

Florida, Richard. 2005. "The World is Spiky." *The Atlantic Monthly* (October): 48–50.

Ghemawat, Pankaj. 2007. "Why the World Isn't Flat." *Foreign Policy* (March–April): 54–60.

Thomas Philippon and Ariell Reshef, "An International Look at the Growth of Modern Finance." *Journal of Economic Perspectives* 27(2) (Spring 2013):73–96.

Guillén, Mauro F. and Sandra L. Suárez. 2010. "The Global Crisis of 2007–2009: Markets, Politics, and Organizations." *Research in the Sociology of Organizations* 30A: 257–279.

Discussion questions:

1. Why do Florida and Ghemawat take issue with the idea of a flat world?
2. How can we measure the rise of the financial view of the economy?
3. What were the consequences of the rise of finance?

7. The global spread of the crisis

The global economy is beset by ever-growing imbalances between surplus and deficit countries, and between capital-rich and capital-poor economies. This session covers the main mechanisms of ignition and diffusion of the crisis, showing the growing interconnections in the world. Instructors teaching students with little background in macroeconomics may want to allocate an extra day of class to explain the basics.

Readings:

Revisit Guillén, Mauro F. and Sandra L. Suárez. 2010. "The Global Crisis of 2007–2009: Markets, Politics, and Organizations." *Research in the Sociology of Organizations* 30A: 257–279.

TrendLab. 2011. *Global Risk: New Perspectives and Opportunities*. Philadelphia, PA: The Lauder Institute and Knowledge@Wharton. <http://lauder.wharton.upenn.edu/wp-content/uploads/2015/04/Global-TrendLab-2011-Global-Risk.pdf>

Discussion questions:

1. Which were the main channels of contagion of the crisis?
2. Where the bailouts necessary?
3. What was the role of central banks in the crisis?

8. The Crisis in Europe

Europe is suffering from a prolonged economic and financial crisis. This session is devoted to the background, unfolding, and consequences of the crisis of the single currency (euro) since 2009. Political and cultural, as well as economic aspects are taken into consideration.

Readings:

- Andrew G. Brown, and Robert M. Stern. 2011. "Free Trade Agreements and the Governance of the Global Trading System." *The World Economy* 331-354.
- O'Rourke, Kevin H., and Alan M. Taylor. 2013. "Cross of Euros." *Journal of Economic Perspectives* 27(3):167-192.

Discussion questions:

1. What was the logic behind the creation of a single currency in Europe?
2. Why did the euro get into trouble?
3. What were the consequences of the crisis of the euro?

9. The rise of the emerging-market multinationals: A new type of company?

The most striking manifestation of the rise of the emerging markets is the international expansion of their companies. What makes this phenomenon especially interesting is that these companies tend to be state-owned or family-controlled.

Readings:

- Global Turning Points*, Chapter 3.
- Guillén, Mauro F. and Esteban García-Canal. 2009. "The American Model of the Multinational Firm and the 'New' Multinationals from Emerging Economies." *Academy of Management Perspectives* 23(2): 23–35.
- Guillén, Mauro F. and Esteban García-Canal. 2010. "How to Conquer New Markets with Old Skills." *Harvard Business Review* 88(11): 118–122.

Discussion questions:

1. What are the distinctive features of the emerging-market multinationals?
2. Why are they becoming more competitive?
3. What are the countries with the most emerging-market multinationals?

10. Case study: Chinese investments in Africa

This class is dedicated to the recent wave of Chinese investments in Africa, drawing the attention to the political and social implications. The readings provide information on the case of Angola.

Readings:

- Howard W. French, "The Next Empire." *The Atlantic* (May 2010).

Chuan Chen and Ryan J. Orr, “Chinese Contractors in Africa.” *Journal of Construction Engineering and Management* (November 2009):1201-1210.

“China International Fund: The Queensway Syndicate and the Africa Trade.” *The Economist* (August 13, 2011).

Michael Specter, “Extreme City: The Severe Inequality of the Angolan Oil Boom.” *The New Yorker* (June 1, 2015).

Discussion questions:

1. Why are Chinese companies and funds so keen to invest in Africa?
2. What is so unique about the way in which they make investments?
3. What are the political and ethical issues raised by this wave of investments?

11. A disparate world: Inequality and poverty

Intriguingly, poverty is on the decline but inequality on the increase. This session deals with changing patterns in income and wealth inequality in the world, noting the complexity of the changes.

Readings:

Global Turning Points, Chapter 6.

Thomas Piketty, and Emmanuel Saez, “Inequality in the Long Run.” *Science* 344(6186) (2014):838-843.

Discussion questions:

1. Why are income and wealth inequality on the increase in most parts of the world?
2. What are the economic and political implications?
3. What are the most recent trends in poverty?

12. Women’s new status in the global economy

Women have never been more active in the labor market. This session focuses on the changing economic role of women in the global economy, noting their notable contributions both in and outside the household.

Readings:

Charles, Maria. 2011. “A World of Difference: International Trends in Women’s Economic Status.” *Annual Review of Sociology* 37: 355–371.

M. Bertrand, C. Goldin, and L. F. Katz, “Dynamics of the Gender Gap for Young Professionals in the Financial and Corporate Sectors.” *American Economic Journal* (July 2010):228-255.

Discussion questions:

1. What are the key trends in terms of the role of women in the economy?
2. How much gender-based discrimination is there in the labor market?
3. What kinds of policies might help overcome the gender gap?

13. The rise of the global middle class

The middle class is the backbone of modern societies and economies. This session focuses on the expansion of the middle class around the world and its political and economic consequences, noting that it is growing most quickly in the emerging economies while stagnating in Europe and the United States.

Readings:

Global Turning Points, Chapter 7.

Discussion questions:

1. Why is the middle class so important?
2. What is driving the growth of the middle class worldwide?
3. What are the political and economic consequences of the shift of middle-class consumption towards Asia?

14. The high-net-worth elite

Global economic dynamics have tended to privilege those with certain skills, assets or connections. This session deals with the rising concentration of income and wealth at the top, noting the political and economic implications.

Readings:

Global Turning Points, Chapter 7.

Facundo Alvaredo, Anthony B. Atkinson, Thomas Piketty, and Emmanuel Saez, "The Top 1 Percent in International and Historical Perspective." *Journal of Economic Perspectives* 27(3) (2014):3-20.

Discussion questions:

1. What is the high-net-worth elite?
2. Exactly how rich are the rich?
3. What are the political and economic implications of income and wealth concentration?

15. The transformative power of technology

This session deals with the new wave of technological innovation that started in the late 20th century, including mobile telecommunications, 3D printing, self-driving vehicles, the sharing economy, virtual reality, nanotechnologies, and the Internet of Things, among others.

Readings:

Global Turning Points, Chapter 8.

Discussion questions:

1. What is different about the present wave of technological innovation?
2. What is technological disruption?

3. Which are the most promising new technologies?

16. New technologies and the labor market.

Technological change is having pervasive effects on the labor market, making jobs disappear and creating new categories of jobs. Research indicates that technology accounts for more job losses than free trade.

Readings:

- Executive Office of the President, *Artificial Intelligence, Automation, and the Economy* Washington, DC: Executive Office of the President (December 2016).
<https://www.whitehouse.gov/sites/whitehouse.gov/files/images/EMBARGOED%20AI%20Economy%20Report.pdf>
- OECD. 2013. "Measuring the Internet Economy: A Contribution to the Research Agenda." *OECD Digital Economy Papers*, No. 226, Paris: OECD Publishing.
<http://dx.doi.org/10.1787/5k43gig6r8jf-en>.
- OECD. 2014. "Skills and Jobs in the Internet Economy." *OECD Digital Economy Papers*, No. 242. Paris: OECD Publishing. <http://dx.doi.org/10.1787/5jxvbrjm9bns-en>.

Discussion questions:

1. Which kinds of jobs are most likely affected by technological change?
2. What kinds of people stand to benefit from technological change?
3. What types of policies should be put in place to prevent technological change from generating social dislocation?

17. Institutions and development

Political, legal and cultural institutions are essential to the functioning of the global economy. This session discusses the evolution of institutions and their quality around the world.

Readings:

- Global Turning Points*, Chapter 9.
- North, Douglass C. 1991. "Institutions." *Journal of Economic Perspectives* 5(1): 97–112.
- Acemoglu, Daron, Simon Johnson, and James A. Robinson. 2001. "The Colonial Origins of Comparative Development: An Empirical Investigation." *American Economic Review* 91(5): 1369–1401.

Discussion questions:

1. Why are political, legal and cultural institutions so important?
2. Do better institutions lead to better economic performance?
3. Why do some countries have better institutions than others?

18. Institutions and entrepreneurship

Entrepreneurship delivers better economic performance over the long run. This session discusses variations in entrepreneurial activity around the world, and what produces them.

Readings:

Klapper, Leora, Raphael S. Amit, and Mauro F. Guillén. 2010. “Entrepreneurship and Firm Formation across Countries.” In Josh Lerner and Antoinette Schoar, eds., *International Differences in Entrepreneurship*. University of Chicago Press, and National Bureau of Economic Research, pp. 129–158.

Discussion questions:

1. What is entrepreneurship and what are its different types?
2. Why do rates of entrepreneurship vary so much from country to country?
3. Does entrepreneurship contribute to better economic performance?

19. The quest for sustainability

Sustainability has transformed the debate about economic growth, energy use, and lifestyle. This session focuses on the main arguments about sustainability, and the main tools available to make it more of a reality in the world.

Readings:

Global Turning Points, Chapter 10.

Hansen, Jim. 2006. “The Tipping Point?” *New York Review of Books* (January 12).

Glavic, Peter and Rebeka Lukman. 2007. Review of Sustainability Terms and their Definitions. *Journal of Cleaner Production* 15: 1875–1885.

Globalization TrendLab. 2012. Sustainability: New Perspectives and Opportunities. Philadelphia, PA: The Lauder Institute and Knowledge@Wharton.

http://lauder.wharton.upenn.edu/wp-content/uploads/2015/05/Global_TrendLab_2012_Sustainability.pdf

Globalization TrendLab 2016: “Water: Scarcity, Excess and the Geopolitics of Allocation.” Philadelphia, PA: The Lauder Institute and Knowledge@Wharton.

<http://lauder.wharton.upenn.edu/wp-content/uploads/2015/05/2016-06-03-water-scarcity-excess-and-the-geopolitics-of-allocation.pdf>

Bonini, Sheila M. and Jeremy M. Oppenheim. 2008. “Helping ‘Green’ Products Grow.” *The McKinsey Quarterly* (October): 1–8.

Discussion questions:

1. What is sustainability?
2. What are the differences among sustainability, renewability, and greenness?
3. How can we encourage people to behave and consume in a sustainable way?

20. A case study in sustainability: Sugarcane ethanol in Brazil

The search for green and renewable energy sources has yielded many interesting experiments. One of the most ambitious is Brazil's program to replace fossil fuels with sugarcane ethanol.

Readings:

Goldemberg, José, Suani Teixeira Coelho, Patricia Guardabassi. 2008. "The sustainability of ethanol production from sugarcane." *Energy Policy* 36:2086-2097.

Discussion questions:

1. Why did Brazil pursue an aggressive policy of developing biofuels?
2. What are the advantages of making ethanol with sugarcane?
3. What are the disadvantages or pitfalls of the Brazilian biofuels program?

21. The trials and tribulations of the financial system

The financial system is an essential component of the economy. The crisis of 2008 and the implications of demographic, political, and social change have rendered current practices in financial services obsolete. This session discusses how technology, demography, and politics are changing the landscape for financial services around the world.

Readings:

Global Turning Points, Chapter 11.

Discussion questions:

1. Why are financial services seemingly out of touch with present political and social realities?
2. How is technology likely to affect financial services?
3. Is there a future of banking without banks?

22. The global powers of the twenty-first century

The twenty-first century will witness major shifts in the global balance of geopolitical power. Different theories and perspectives offer contrasting predictions about the future.

Readings:

Global Turning Points, Chapter 12.

Ferguson, Niall. 2010. "Complexity and Collapse." *Foreign Affairs* 89(2): 18–32.

Bremmer, Ian and Nouriel Roubini. 2011. "A G-Zero World." *Foreign Affairs* 90(2): 2–7.

Huntington, Samuel P. 1993. "The Clash of Civilizations?" *Foreign Affairs* 72(3): 22–49.

Nye, Joseph S., Jr. 2010. "The Future of American Power: Dominance and Decline in Perspective." *Foreign Affairs* 89(6): 2–12.

Nye, Joseph S., Jr. and Jisi Wang. 2009. "Hard Decisions on Soft Power: Opportunities and Difficulties for Chinese Soft Power." *Harvard International Review* 31(2): 18–22.

Discussion questions:

1. Why do global powers and empires rise and fall?
2. Will a single hegemonic power dominate the twenty-first century?
3. What will be the roles of the United States and China be on the global stage?

23. The future of global currencies

The global economy cannot operate without at least one international currency that underpins trade, investment, and the accumulation of reserves. This session deals with the problems and opportunities embedded in the current global currency turmoil.

Readings:

Revisit *Global Turning Points*, Chapter 2.

Eichengreen, Barry. 2009. "The Dollar Dilemma." *Foreign Affairs* 88(5): 53–69.

Barry Eichengreen, "Number One Country, Number one Currency?" *World Economy* 36(4) (2013):363-374.

Discussion questions:

1. What are the challenges facing the dollar as the leading international currency?
2. Why isn't the Renminbi ready to take the lead?
3. What does the future hold in terms of global currencies?

24. Conclusion: Coping with uncertainty and complexity

The world is witnessing large-scale transformations. Uncertainty and complexity have become rampant characteristics of the global system. This session explores the web of interconnected phenomena that produce both stability and change in the world, and the potential for systemic disruption.

Reading:

Global Turning Points, Chapter 13

Discussion questions:

1. How do the key institutional mechanisms of labor markets, the representation system, the state apparatus, and the international system of states regulate the tendencies for change and disruption in the world?
2. Which are the most likely sources of friction and tension in the next two decades?
3. What can be done to prevent systemic disruptions from occurring?