

A fluffy orange and white cat is sitting on a wooden floor, looking directly at the camera. The cat has large, expressive green eyes and a pink nose. Its fur is a mix of orange and white, with the orange being more prominent on its head and back. The background is a plain, light-colored wall.

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GLOBAL BUSINESS STRATEGY

READING NOTES: CHAPTER 3,4

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Chapter 3: Changes in the Global Economic Environment

1.1 Introduction

1.2 Long-Term Economic Growth by Country

Terms: ASEAN countries (Association of Southeast Asian Nations), New Industrial Economies (NIEs), Post-war era/ post-Cold war.

Economic growth theory. It consists of growth in population, accumulation of capital and improvements to technology ¹. As economic development → automation of production processes → increasing the capital stock per capita → the marginal productivity of capital decrease and economic growth rate slows.

Innovation on economic growth (endogenous economic growth). It focus on technological innovation, which was treated as exogenous in the Solow, and treats R&D as endogenous. Unlike capital stock, knowledge and technology ² are intangible assets and thus can be shared with others. Through this characteristic of non-rivalry, investment in knowledge stock benefits not only the investors, but the whole of society (pp. 44) ³.

1.3 The Global Economic Forecast for 2030

"Dreaming with BRICs: The Path to 2050." Goldman Sachs.

Motohashi, K. (2014). The sun rises Again: Revitalization of Japan's industrial competitiveness (Hi ha mata takaku, Sangyo Kyosoryoku no Saisei). Tokyo: Nikkei Publishing Ltd. (in Japanese).

1.4 Competitiveness Rankings: IMD's World Competitiveness Yearbook

- *World Competitiveness Yearbook*. an International Management Development center and business school (IMD) ⁴. It based on various types of statistical data, like GDP, technology research and investment, worker's compensation levels and financial market size. (pp. 51, Table 3.1)

Topics to be covered:

- Philosophies of *long-term economic growth* based on economic growth theory.
- An *economic forecast for 2030*.
- Concept of *International Competitiveness & its indicator* – IMD's *World Competitiveness Index*.

¹ Robert Solow, MIT.

² Grossman and Helpman. (1993). *Innovation and Growth in the Global Economy*. Cambridge: MIT Press. Technology stock is fundamental to such innovations as new products and production process improvements.

³ Grossman and Helpman. (1993). *Innovation and Growth in the Global Economy*. Cambridge: MIT Press. CASE study.

⁴ The method is influenced by Porter, M. (1990). *Competitive advantage of nations*. New York: Free Press.

- *The Global Competitiveness Index*. the World Economic Forum (WEF).

End of Chapter 3

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Chapter 4: Comparison of Economic Institutions in China and India

2.1 Introduction

End of Chapter 2