Why does one country turn into an economic powerhouse and another does not? What makes an emerging market take off? This course of reading, writing, lecture and discussion considers the sources of global economic growth and the reasons why countries differ. We consider the lessons that can be learned from the history of economic systems – both countries and specific enterprises – and see how they might apply to institutions and nations in our own time.

More specifically, it concentrates on the enterprise systems of the major global economies of the last 200 years – Great Britain, Germany, Japan and the United States. We will examine the political and economic development of these four, successful, wealth-creating societies, paying special attention to the roles of government, entrepreneurship, management, and financial institutions. We will also examine the implications for other areas around the world. Specifically, we will ask why it took so long for China to start catching up with the West. And, why does Latin America continue to be the forgotten continent?

The objective of the course is to hone your ability to think about different historical situations and make comparisons among them, over time and across cultural contexts. We will take time to consider the lessons we can learn from history and their application to nations and institutions in our own time.

Classes will be a mix of lecture, discussion and student presentations based for the most part on the assigned text readings. Attendance and your participation in class discussion are important.

Assignments for the class are described in the syllabus. They are:
- Three one page essays due before class on January 8, 10 and 15th
- A group assignment in two parts due on January 13th
- Final take home essay which will be due on January 27, 2013, ten days after the last class.

Since the class is held over a very short period of calendar time (just 10 days), it is important that you stay abreast of the reading and assignments. Do the reading in advance of class, starting with the first class. Please read for comprehension. Think
about what the important themes are. Don’t get lost in the mass of detail. There is absolutely nothing to memorize because there will be no testing on facts.

Course grades will rest mainly on the quality of the final essay and the group presentation and also the quality of class participation and the written homework assignments.

**Classroom Comportment**

Curiosity is a virtue. Be not afraid to ask questions, to challenge the professor and one another, and to hold forth with your own ideas about the subject matter, so long as you are polite and don’t suck the air out of the room (that privilege is reserved for the instructor).

To facilitate the discussion, please bring your name plate to class so we can address each by name.

Classes will start on time, so please be there on time. It’s the right thing for students to do. Similarly, the right thing for me to do is to make sure that classes end on time (I know that it is a long day).

Everyone is expected to turn off all cell phones and put away all laptop computers, Blackberries, IPads, game boys, magazines, crossword puzzles, and other potential distractions during class. A bottle of water or a cup of coffee are acceptable in the class room but full meals are a distraction.

Everyone is expected to abide by the School’s honor code, which is posted on Blackboard.

**Text and readings**


**Other readings (if a link is not provided, the file is posted on Blackboard):**

- Angus Maddison, “Economic Epochs and their Interpretation”
- George David Smith, Richard Sylla and Robert E. Wright, “The Diamond of Sustainable Growth,”
- Richard Sylla, “Emerging Markets in History: The US, Japan and Argentina”
- “Gunnar Trumbull and Diane Choi, “European Union: The Road to Lisbon,” HBS case #9-711-032. Available for purchase on line
C. Fred Bergsten, Charles Freeman, Nicholas R. Lardy and Derek J. Mitchell, *China's Rise: Challenges and Opportunities*, chapter 6, “Sustaining Economic Growth in China” and chapter 11 “Conclusion”. Martin Feldstein, *China’s Biggest Problems are Political, Not Economic*

**Faculty Information**

Paul Wachtel is a professor of economics at New York University Stern School of Business. He has been with Stern for 40 years and has served as the chairperson of the Economics Department, Vice Dean for Program Development, chairperson of the University Faculty Council and is currently the academic director for the BS in business and political economy degree. He is the co-editor of Comparative Economic Studies. He received his Bachelor of Arts degree from Queens College in 1966, his Master of Arts in economics from the University of Rochester, and his Doctor of Philosophy from the University of Rochester in 1971. He teaches courses in monetary policy, banking and central banking, global macroeconomics, international economics and global perspectives. His primary areas of research include the relationship of financial development to economic growth, central banking in the post-crisis world, and financial sector reform in economies in transition. He has published widely in these areas; see [http://pages.stern.nyu.edu/~pwachtel/](http://pages.stern.nyu.edu/~pwachtel/)

The teaching fellow for the class is Sebastiano Petti - scp334@stern.nyu.edu - who will be in charge of all record keeping, grading and complaints regarding the course.
SYLLABUS and ASSIGNMENTS

ECON-GB.2190 Global Perspectives on Enterprise Systems

Class 1 – Tuesday, January 8
Understanding economic growth


Homework assignment due at the beginning of class: The United States has been the richest nation in the world for well over a century. There are many reasons why this is true. Write ONE page describing EITHER the most distinctive driver of American economic growth OR the most distinctive impediment to it. NOTE: We will discuss your ideas in class.

Class 2 – Thursday, January 10
Role of financial systems in growth


Homework assignment due at the beginning of class: Write ONE page on: While there has been substantial convergence among different financial systems in the last 25 years, the financial systems in earlier years differed substantially. What differences seemed to have aided development and which seem to have impeded development?

Class 3 – Sunday, January 13, AM
Key features of four enterprise systems

Class 4 – Sunday, January 13, PM
Studies in corporate structures and development


Group presentations of corporate cases: See assignment below.
Class 5 – Tuesday, January 15
Emerging Market enterprise systems


Homework assignment due at the beginning of class: Write ONE page on ONE of the following topics. DO NOT CHOOSE the company that is the subject of your group presentation:
• What is remarkable about Josiah Wedgwood’s business achievement? How did Britain come to dominate world markets in the First Industrial Revolution?
• What are the hallmarks of Sloan’s strategy at GM? Why did United States become the leading economic power in the world by 1890?
• Rolls-Royce found niches in both the automobile and aeronautical industries. It succeeded and failed in both. What factors contributed to this experience?
• Why did large, technologically sophisticated firms like IBM develop in America between 1870 and 1913? What made IBM a leader in its field?
• How did strong concentration of basic industries (e.g. Thyssen in steel) contribute to German economic growth between 1870 and World War I? Should it be emulated in the contemporary world?
• Was IBM’s success due to the excellence of its management or its technology or its willingness to take risks?
• Toyoda/Toyota managed to capture markets from superior players in the textile machinery and auto industries. What knowledge was transferred from the company’s experience in one industry to the other?

Class 6 – Thursday, January 17
Crisis and enterprise systems


Homework assignment: Be prepared to participate in a class room discussion of the case on the EU.
Group Assignment  
Presentations start Sunday, January 13th PM

Groups should consist of 5-6 students. There will be no more than three groups assigned to each company in order to make sure that each is covered. Students may form groups and pick a company from the list below in advance of class sessions. You can email your choice to our TA, Sebastiano Petti - scp334@stern.nyu.edu, or wait until the first class when remaining groups will be formed.

The group assignment has two parts both due on Sunday January 13th at the start of the afternoon class. A division of effort among group members is likely to facilitate things given the short period of time available for the assignment. That is, a group can divide into two for the two parts and even subdivide for better coordination. However, it is important that the presentation and the written paper be edited into a coherent whole that, for the presentation, teaches the case and, for the written paper, answers the question.

Choose among these company cases in McCraw:
- Wedgwood
- Thyssen
- Deutsche Bank
- Ford/GM
- IBM
- Toyodo/Toyota

1. The presentation should consist of no more than 20 slides and should be submitted to our TA by email so it can be placed on Blackboard. Groups will be selected randomly to present to the class. The oral presentation can involve more than one group member and should last about 20-25 minutes. The presentation should cover the following topics (and more if you deem it important):
   - The basic historical facts that make this company case significant.
   - The relationship between the company’s development and the national economic system.
   - The post-McCraw history of the company and its implications.

2. An essay of no more than 3-5 pages that discusses the middle bullet point above. That is, how did this company feed off of the national enterprise system and how did it contribute to the success of the economy. Could this company have developed elsewhere? Would this company’s mode of operation been effective in a different national economic environment?