

Entrepreneurship and Global Capitalism

Course Syllabus
Professor Geoffrey Jones

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Harvard Business School

Course Organization and Objectives

EGC is taught in the second year of Harvard Business School's MBA program. It offers a wide-ranging historical framework for understanding the role of entrepreneurs in shaping global capitalism. It provides cases on entrepreneurs and firms from many countries who were active in pursuits ranging from opium trading and luxury watches to fashion, beauty, shipping, finance and information and communications technologies. The course is organized into four modules which are broadly chronological. Each module ends with a module review.

The course includes some of the world's most well-known entrepreneurs, as well as some of the most infamous, and shows their roles in the major events of the last century, from Gandhi's struggle for Indian Independence to the nightmare of Nazi Germany. The course is concerned to place business in a broad political, economic and cultural context as it explores the challenging decisions and ethical dilemmas entrepreneurs have faced in countries with repressive regimes and failed states in different historical eras. By reviewing the historical evidence on global entrepreneurship, it provides perspective and a unique learning opportunity for those considering careers both in entrepreneurship and general management.

Pedagogy

At the Harvard Business School EGC is taught entirely by case method. Each of the cases listed in the course can be purchased and downloaded from Harvard Business School Publishing website. (hbsp.harvard.edu). Many of the cases have Teaching Notes which registered educators can also buy from the site. Professor Jones is also happy to share informal teaching plans and discuss teaching strategies for those new to case method teaching. Most of the cases on Latin America are available in Spanish and some are also in Portuguese.

A major challenge of teaching historical material by case method is that students may lack adequate contextual information. In response, the course employs a data mapping tool known as Historical Data Visualization. It is intended to make this freely available as soon as possible. In addition, selective readings are made available to provide background.

At many other schools, the cases listed here are combined with formal lectures and seminars, and used as a vehicle to encourage discussion. Geoffrey Jones, *Multinationals and Global Capitalism* (Oxford University Press, 2005) is a textbook covering the business history of global capitalism, and is used by some schools teaching this material.

Entrepreneurship and Global Capitalism

Module 1 Building Global Capitalism

The first module examines how entrepreneurs built a global economy in the nineteenth century by creating business organizations that pursued resources and markets across borders. It shows how these pioneers in the United States, Latin America, Europe and Asia identified opportunities and managed risks in the face of challenging circumstances.

Class 1 Opium and Entrepreneurship

This case concerns the growth of multinational trading companies in the first global economy. It examines two Scottish-owned merchant houses, Jardine Matheson and James Finlay, and shows their changing trade and investment strategies as well as their use of an organizational form later known as business groups. It also demonstrates the role of ethnic networks in globalization during this historical period.

Materials



[Opium and Entrepreneurship in the Nineteenth Century](#)

(805010)

Assignments

1. What features of the global political economy in the nineteenth century provided entrepreneurial opportunities in China for the Western merchants discussed in this case?
2. Why were Jardine and Matheson so successful as entrepreneurs in the opium business? What was their distinctive competence? How was William Keswick able to re-invent the company after they withdrew from drug-smuggling?
3. Was William Keswick's optimism about the future of China justified?

Class 2 Globalizing Consumer Durables

This case examines the global strategy of Singer, one of the world's first multinationals, before 1914. Singer, a U.S. pioneer of the modern sewing machine, established its first foreign factory in Scotland in 1867. Investments followed in manufacturing and marketing in other countries, especially Russia. By 1914, Singer held a remarkable 90% share of all sewing machine sales outside the United States and was the seventh largest firm in the world. The case examines why sewing machines became one of the world's first global products and the entrepreneurial and organizational factors behind Singer's international success.

Materials



[Globalizing Consumer Durables: Singer Sewing Machine before 1914](#)

(804001)

Assignments

1. Singer's decision to build a factory in Glasgow, Scotland, is regarded as the origins of what we now call multinational manufacturing. How risky was that decision at the time?
2. How was Singer able to capture 90% of the world market for sewing machines by 1914? How did Singer overcome its lack of knowledge about foreign markets and business practices?
3. What was the most important factor behind Singer's success in the Russian market?

Class 3 The Victorian Internet

This case describes the nineteenth century founding by Werner Siemens of the Siemens electrical business in Germany. Werner's dual role as inventor and entrepreneur is explored as he created one of the world's first multinational enterprises, whose growth initially rested on its pioneering role in the new telegraph industry. Werner sent his brothers to open businesses in Great Britain and Russia, and the case explores the advantages and disadvantages of family business as a form of organization, as well as the challenges growing it poses for such family firms.

Materials



[Werner von Siemens and the Electric Telegraph](#)

(811004)

Assignments

1. What strikes you as the most distinctive capabilities of Werner Siemens as an entrepreneur? What drives him?
2. How did the organization of the Siemens business differ from that seen in the case of the Singer Sewing Machine Company? Which was better equipped to building a global business in the second half of the nineteenth century?
3. How well did Werner capture value from the telegraph? What was the economic, social and political impact, in general, of the telegraph?

Class 4 Building Global Infrastructure

This case explores the role of the British entrepreneur Weetman Pearson in developing the Mexican oil industry before 1914. It shows this entrepreneur's evolution from a domestic British builder to an international contractor, building tunnels, railroads, and harbors worldwide, including the United States and Mexico. In Mexico, where Pearson developed close relations with the dictator Porfirio Diaz, the government awarded large oil concessions. In 1910, Pearson discovered one of the world's largest oil wells, and this was used as a basis to build an integrated oil company. But by 1918--when the case ends--Pearson was considering whether to sell his investment in the face of growing political risk.

Materials



[Weetman Pearson and the Mexican Oil Industry \(A\)](#)

(804085)

Assignments

1. How and why did Weetman Pearson get into the oil industry in Mexico?
2. What did Mexico gain, and what did it lose, by letting Weetman Pearson operate as an entrepreneur within its borders?
3. Why didn't Mexico have a home-grown Weetman Pearson? Why did it take a foreigner to develop Mexican natural resources?

Class 5 Argentina – Global Tiger

This case examines the career of Ernesto Tornquist, a cosmopolitan financier considered to be the most significant entrepreneur in Argentina at the end of the 19th century. Tornquist created a diversified business group, linked to the political elite, which integrated Argentina into the trading and financial networks of the first global economy. The case provides an opportunity to understand why Argentina was such a successful economy at this time, and to debate whether its very success laid the basis for the country's subsequent poor economic performance.

Materials



[Ernesto Tornquist: Making a Fortune on the Pampas](#)

(807155)



William J. Baumol, “Entrepreneurship: Productive, Unproductive, and Destructive”
The Journal of Political Economy, Vol. 98 (Oct., 1990).

Assignments

1. Although he was born in Argentina, Ernesto Tornquist was sometimes caricatured wearing a German eagle (see Exhibit 9 of the case). How would you describe the national identity of Tornquist?

2. Did Tornquist make a greater contribution to Argentina's development than Weetman Pearson did to Mexico's? Would Baumol regard him as a “productive” entrepreneur?

3. When Tornquist died, Argentina was one of the world's richest countries. It subsequently entered a path of relative decline. How far do you think the origins of that decline might have been sown in the era of Tornquist?

Class 6 Creating Modern Japan

This case considers the entrepreneurial career of the founder of Mitsubishi, Yataro Iwasaki, who built a large shipping company against the opposition of powerful Western incumbents. Although sometimes supported by the Japanese government, and often times opposed, the case identifies Iwasaki's entrepreneurial talent and organization-building skills as key drivers of success. This case provides a vehicle for examining the entrepreneurial factors behind Japan's remarkable transition from a feudal to a modern society in the second half of the nineteenth century.

Materials



[Yataro Iwasaki: Founding Mitsubishi A](#)

(808158)

Assignments

1. Why did the Japanese government decide to strongly support the recently-established Mitsubishi company in 1875?
2. How would you describe the personal journey of Yataro from a minor official of the feudal domain of Tosa to owner of East Asia's largest shipping company? What drives him?
3. By the late nineteenth century Japan had not only resisted Western imperialism, but become the only Asian country to embark on economic modernization on a large-scale. What does this case tell us about how Japan was able to do this?

Class 7 Global Fraud

Globalization and corporate fraud are the central themes of this case on the international growth of Swedish Match in the interwar years. Between 1913 and 1932, Ivar Kreuger, known as the “Swedish Match King,” built a small, family-owned match business into a \$600 million global match empire. Despite the economic and political disruptions of the interwar period, Swedish Match owned manufacturing operations in 36 countries, had monopolies in 16 countries, and controlled 40% of the world's match production. Kreuger companies lent over \$300 million dollars to governments in Europe, Latin America, and Asia in exchange for national match monopolies. Relying on international capital markets to finance acquisitions and monopoly deals, by 1929 the stocks and bonds of Kreuger companies were the most widely held securities in the United States and the world. After Kreuger's 1932 suicide, forensic auditors discovered that Kreuger had operated a giant pyramid scheme. His accounts were riddled with fictitious assets, the truth hidden in a maze of over 400 subsidiary companies. Swedish Match's deficits exceeded Sweden's national debt.

Materials



[Ivar Kreugar and the Swedish Match Empire](#)

(804078)

Assignments

1. What did you find most striking about Ivar Kreuger as an entrepreneur?
2. What were the pros and cons of globalizing the match industry in the 1920s?
3. Why did John Maynard Keynes consider Kreuger as “maybe the greatest financial intelligence of his time”?

Class 8 Origins of Global Consumer Culture

This case explores the creation of the Rolex watch by Hans Wilsdorf. It provides a case study of how one of the world's leading luxury brands was created and, more generally, provides a vehicle for exploring the competitive advantage of Switzerland in watchmaking (and other industries). Although Switzerland was a traditional watchmaking center, Wilsdorf--who was neither a watchmaker nor Swiss--created this successful brand through his emphasis on quality

and reliability, combined with celebrity marketing. A supplemental reading on the history of the beauty industry enables the case of Rolex to be positioned within the context of the emergence of a global consumer culture during the first global economy, including the gendering of aspirations and the privileging of Western standards.

Materials



[Hans Wilsdorf and Rolex](#)

(805138)



Geoffrey Jones, *Entrepreneurship and Multinationals. Global Business and the Making of the Modern World* (Edward Elgar 2013), chapter 3.

Assignments

1. How would you compare Hans Wilsdorf to the other entrepreneurs we have seen so far in terms of his character, capabilities and achievements?
2. What were the key steps he took to build the Rolex as a global luxury brand during the first decades of the twentieth century?
3. Using the evidence provided in both the Rolex case and the short reading provided on the beauty industry, explain what was happening in the first global economy which provided the context for a global spread of such premium consumer brands. How would you assess the overall impact on consumer welfare?

Module 2 Globalization Reversed

The second module seeks to understand the spectacular reversal of globalization from the 1920s, as wars, the Great Depression, and the enormous wealth gap between the rich West and the rest of the world, prompted governments to respond. At the heart of the module is the paradox that geographical distance has been sharply reduced by innovation in communications and transport technologies, yet political boundaries grow rapidly with the spread of Communism and Fascism. It explores the role entrepreneurs played in causing the widespread questioning of the legitimacy

of global capitalism during this period, and their responses to their challenging environment. Managing governments becomes a major issue for firms. Global firms face “rare events” such as the Great Depression which undermine traditional business models. They respond by a vast extension of the number and scope of international cartels.

Class 9 The Rise of Cartels

This case examines the development of an international cartel in the oil industry in the 1920s and 1930s. It focuses on the decisions and actions of the leading multinational oil companies -- particularly Standard Oil of New Jersey, Royal Dutch/ Shell, and Anglo-Persian (BP) -- in acting together to try to stabilize prices and market shares beginning in the late 1920s through the Achnacarry or “As-is” Agreement. Set against the backdrop of the development of the global oil industry, the case examines the causes of the change in firm strategy from competition to cooperation and offers an opportunity for readers to assess the success of efforts at inter-firm coordination and stabilization. It also explores the personal and professional relationships between the leading oil-industry executives who forged the cartel, including Henri Deterding, Walter Teagle and John Cadman. Important sub-issues include the changing nature of the oil industry in the 1910s and 1920s, the rise of oil diplomacy, and the impact of U.S. anti-trust laws on the global oil business.

Materials



[Creating Global Oil, 1900-1935](#)

(804089)



Jeffrey Fear, “Cartels” in Geoffrey Jones and Jonathan Zeitlin (eds.) *The Oxford Handbook of Business History* (Oxford University Press, 2008).

Assignments

1. During the two decades before World War 1 the global oil industry transitioned from being primarily composed of numerous entrepreneurial firms to one increasingly dominated by a few large and vertically integrated corporations such as Standard Oil and Royal Dutch Shell. Why?

2. How did World War 1 impact the evolution of the global oil industry?
3. Why did the oil industry become cartelized during the interwar years?

Class 10 The Commodity Crisis

This case describes the growth of Guggenheim Brothers as one of the largest mining companies in the world in the early twentieth century. Global expansion led the firm to Chile, first in copper and later in natural nitrates. Chile's economic growth was driven by the profits from mining, especially its world monopoly of nitrates. The Guggenheims invested in Chilean nitrates after synthetics were developed by German chemists. Their strategies to modernize the industry collapsed with the outbreak of the Great Depression, during which Chile experienced the greatest fall of incomes of any country. The case serves as a vehicle to explore the devastating economic and political impact of the Great Depression on the countries of the South, such as Chile, which had specialized in primary commodities, and on mining and financial capitalists such as the Guggenheims.

Materials



[The Guggenheims and Chilean Nitrates](#)

(810141)



Jeffrey D. Sachs, Andrew M. Warner, “Natural Resources and Economic Development: The Curse of Natural Resources,” *European Economic Review* 45 (2001)

Assignments

1. Why was the Guggenheim family so successful in world mining before 1920?
2. Why did Daniel Guggenheim believe in 1924 that Chilean nitrates would make his family “rich beyond the dreams of avarice”? What went wrong?
3. Was Chile cursed or blessed by controlling such a high proportion of the world's natural nitrates?

Class 11 Responsibility and Legitimacy

This case considers the strategy of U.S.-owned IBM, then a manufacturer of punch cards, in Nazi Germany before 1937. It opens with IBM CEO Thomas J. Watson meeting Adolf Hitler in his capacity as President of the International Chamber of Commerce. IBM had acquired a German company in 1922, and like other American companies, found itself operating after 1933 in a country whose government violently suppressed political dissent and engaged in intimidation and discrimination against Jews. The case explores the tensions between IBM's German affiliate and its parent, and provides an opportunity to explore the options and responsibilities of multinationals with investments in politically reprehensible regimes.

Materials



[Thomas J. Watson, IBM, and Nazi Germany](#)

(807133)

Assignments

1. Does Watson's IBM win or lose from Hitler's seizure of power in Germany in 1933?
2. In 1937 the Nazi Holocaust against Jews, involving their systematic mass murder, and the aggression against other countries which was to lead to the outbreak of World War 2 in 1939, still lay in the future. Watson could not know what would happen in the future. Yet should he still have closed down IBM's business in Nazi Germany?
3. How would you describe Watson's decision to meet Hitler in June 1937? Would you have taken that decision?

Class 12 Colonialism

This case describes the role of a leading Indian business leader in the campaign for independence before 1947 and his close relationship with the legendary Mahatma Gandhi. Provides the opportunity to consider the impact of colonialism on shaping Indian entrepreneurship and the role of the small Marwari group, originally from the Marwar region of Rajasthan, in creating many of India's leading business houses, including the Bajaj. The Bajaj, like other Marwari, were

traders who after World War I transitioned into manufacturing, including sugar manufacturing and steel rolling.

Materials

 [Jammalal Bajaj, Mahatma Gandhi and the Struggle for Indian Independence](#) (807028)

 [Gandhi and the Salt March, 1930](#) (4 minute video)

Assignments

1. What did Mahatma Gandhi want? Was there anything uniquely Indian about his character and actions?
2. What did Jammalal Bajaj want? Was there anything uniquely Indian about him?
3. In 1948, when Gandhi was assassinated, the newly independent India was very poor. Nehru, Gandhi and Bajaj blamed British rule. However some scholars, noting the extraordinarily high percentage of entrepreneurs who came (and continue to come) from tiny ethnic or caste groups, notably Parsees and Marwaris, have argued that mainstream Indian societal values provided a greater obstacle to modernization. What do you think constrained growth in India before 1947? Did Bajaj and Gandhi offer a viable solution?

Class 13 Banana Republics

This case examines the overthrow of President Jacobo Arbenz of Guatemala in 1954 in a U.S.-backed coup in support of the United Fruit Co. Over the previous half century, United Fruit had built a large vertically integrated tropical fruit business that owned large banana plantations in the “banana republics” of Central America, including Guatemala. The case examines the impact and role of United Fruit in the Guatemalan economy, one of the poorest in the world, and the reasons for growing hostility toward the company, culminating in Arbenz's agrarian reform policies aimed at redistributing some of the land held by United Fruit. The United States, which regarded Arbenz as pro-communist, supported United Fruit in the context of the Cold War.

Materials



[The Octopus and the Generals: The United Fruit Company in Guatemala](#) (805146)



[Journey to Banana Land \(1950\), United Fruit Film](#)



Charles D. Brockett, “An Illusion of Omnipotence: U.S. Policy toward Guatemala, 1954-1960” *Latin American Politics and Society*, Vol. 44, No. 1 (Spring, 2002).

Assignments

1. Why did United Fruit face so much hostility in Guatemala despite creating jobs, building infrastructure, and creating a successful export industry? Did the country have any viable alternative at that time?
2. Beginning with the Communist Revolution in Russia in 1917, expropriation of foreign business assets became a growing feature of the era of Modules 2 and 3 before 1979. In the case of Guatemala at least, can Arbenz's expropriation of the unused lands of United Fruit be considered as legitimate? Can United Fruit's response be considered as a legitimate case of corporate risk management?
3. Was the overthrow of Jacobo Arbenz a legitimate act of US foreign policy? What were the consequences?

Class 14 Global Business in the Era of De-Globalization

This case explores the opportunities and threats to Unilever's global business in 1978 based on the commercial and political challenges faced by three of its subsidiaries, Lever Brothers in the United States, Hindustan Lever in India, and United Africa Company in West Africa. Management faced several problems: criticism of multinational companies, anti-trust legislation, expropriations, and rising competition from international and local rivals. The case focuses on developing a new global strategy for a company that placed a premium on a consensual management style and local autonomy.

Materials

 [Unilever as “Multi-Local Multinational”](#)

(808025)

Assignments

1. What was the nature of Unilever's problems in the United States, India, and West Africa? How successfully did the company manage them?
2. What do the cases of Lever Brothers, Hindustan Lever, and the United Africa Company reveal about the challenges of running a global business after World War 2?
3. What actions should Ken Durham suggest to his colleagues on the Special Committee?

Module 3 Origins of the Second Global Economy

The third module shows how entrepreneurs rebuilt global capitalism and global markets after World War 2, though with much of the world opting out with closed economies and Communist states. The material covers the rapid economic growth of the West and Japan, and the changing consumer culture as middle class incomes rise and there is a democratization of fashion and celebrity. Beyond the West, latecomer countries such as Brazil and Turkey seek to catch-up, and experience major social changes, including growing women's rights. The entrepreneurs in these decades are seen as major forces for the globalization of transport, trading and financial services. However many also capture value from de-globalization, both through regulatory arbitrage and alliances with the state actors who have become prominent in much of the world. Meanwhile import substitution policies permit the growth of new businesses and industries beyond the Western core.

Class 15 Global Shipping

The case examines the career of Aristotle Onassis and his creation of one of the world's largest shipping companies between 1945 and 1973. It explores the role of ethnic and family networks

in Greek shipping and how Onassis was able to penetrate this system despite being an outsider. The case considers Onassis' role as a strategic innovator in flags of convenience and supertankers. It examines the dynamics of competitive advantage in shipping, as well as the strengths and weaknesses of family-owned firms. The case ends with the death of Onassis' only son in 1973 and the resulting vacuum in succession.

Materials



[Aristotle Onassis and the Greek Shipping Industry](#)

(805141)

Assignments

1. Aristotle Onassis probably becomes the wealthiest entrepreneur in this course. What was his greatest attribute as an entrepreneur?
2. How would you compare Onassis's relations with governments to the other entrepreneurs we have seen in this course?
3. By 1973 Onassis and other Greek shipping magnates owned 14.7% of world shipping. How had this happened?

Class 16 Commodity Trading

The case examines the career of Marc Rich, the world's leading commodity trader before his criminal indictment in the United States in 1983. It covers the historical growth of commodity trading, especially in metals, from the late nineteenth century, and its evolving forms as governments intervened in markets after 1945. Rich joined Philipp Brothers, then the largest commodity trader, in 1954. He formed his own firm two decades later. He was instrumental in the creation of a spot market in petroleum, and assumed a pivotal role in the industry during the 1970s by selling Iranian oil to Israel and South Africa. The case provides a means to explore the rationale and advantages of giant commodity traders, as well as enabling students to debate corporate use of tax havens which expanded during the postwar decades.

Materials

 Bill Clinton, “My Reasons for the Pardon,” *New York Times*, Feb. 18, 2001

Assignments

1. Marc Rich builds his career as a metal commodity trader working for the firm of Philipp Brothers between 1954 and 1974. How did this firm grow so fast? How did Jesselson's business model compare to earlier generations of international trading companies?
2. Rich founds his own company in 1974. By 1983 he is described in the case as one of the wealthiest men in the United States. What was the entrepreneurial opportunity that he identified, and why was it Rich's new firm which captured so much of the value from it?
3. William Baumol has argued that the societal outcomes of entrepreneurs (whatever their financial success) can be either productive, unproductive or destructive. Which term best fits Rich's firm between 1974 and 1983?

Class 17 Business and Apartheid

The case describes the career of Charles W. Engelhard, who inherited a family platinum business in the United States, and built a substantial gold, platinum, uranium, and forestry business in apartheid-era South Africa after 1947. The case explores how Engelhard leveraged share swaps, access to US capital markets, and a relationship with the South African magnate Harry Oppenheimer to build a strong position in South African precious metals. The mining industry was highly profitable. It benefitted from cheap Black African labor which was not allowed to form trade unions. South Africa was one of the world's leading suppliers of precious and strategic metals to the non-Communist world. The case begins with demonstrators in New Jersey in 1966 protesting at the giving of a reward to Engelhard, and it is used to explore the growing debates about the ethical responsibilities of business after World War 2. There were significant shifts in social and ethical norms during this period concerning race and ethnicity, but these shifts happened at different times in different countries. Engelhard finds himself at the center of the resulting tensions. In the United States, he was active in the Democrat Party and a personal

friend of President Lyndon B. Johnson, who introduced pioneering Civil Rights legislation during the 1960s. In South Africa, he was both a beneficiary of the apartheid regime and an active apologist for it. American anti-apartheid activists such as George M. Hauser became active in exposing the apparent contradiction in Engelhard's position. The case can be used to enable a broader discussion whether engagement or divestment is the best response of business to repressive regimes. In the case of apartheid-era South Africa, Engelhard and numerous other Western firms stayed in the country, yet there was little political improvement. In 1963 Nelson Mandela was jailed for life by the regime, and was not released until February 1990, four months after the fall of the Berlin Wall.

Materials



[Goldfinger: Charles W. Engelhard Jr. and Apartheid-era South Africa](#)

(313148)



[In Search of Global Regulation](#)

(805025)

Assignments

1. In 1965 Charles W. Engelhard was hailed by Forbes as “one of the most powerful figures in the world of international business.” What was the basis of his success as an entrepreneur? How is he able to build a large business in South Africa after 1945?
2. By the early 1960s there was widespread international condemnation of the South African government's policy of apartheid, as well as both passive and armed opposition within the country led by Nelson Mandela and others. Did Engelhard make the political and economic situation in South Africa better or worse?
3. As the case on In Search of Global Regulation shows, Engelhard could not look to either international law or the business community in the United States (or elsewhere) for clear guidance regarding his responsibilities as a leading American investor in South Africa. Why did governments and business leaders find it so difficult to reach a consensus on the responsibilities and rights of global business during Modules 2 and 3?

Class 18 Financial Centers

This case focuses on the development of London as a leading international financial center and the difficulties it faces maintaining its status. It examines London's history as a financial center from Roman times to the present day. London's position in the 19th century rested on the great importance of Britain in the world economy and the role of sterling as the major international currency. By the mid-20th century both of these factors were much reduced in importance, but London was renewed as the physical home of the Euromarkets. The case explores regulatory and other factors, including economies of agglomeration, which contribute to making a financial center. However the focus is on the role of the financial entrepreneurs, including George Bolton and Siegmund Warburg, who perceived opportunities to rebuild London as a global financial center despite the relative decline of the British economy and in the global importance of Sterling.

Materials



[“Walking on a Tightrope”: Maintaining London as a Financial Center](#)

(804081)



Anthony J. Venables, “Shifts in Economic Geography and their Causes” *Economic Review* - Federal Reserve Bank of Kansas City (2006).

Assignments

1. London had flourished as the world’s financial center during the first global economy. Why was its future now considered “uncertain” after World War II?
2. How were Siegmund Warburg, George Bolton and others able to create new financial markets from the 1960s?
3. By the end of Module 3 in the late 1970s the case says that British-owned financial institutions had become only marginal players in London’s financial markets, and that there were concerns that foreign-owned firms might return to their own countries as their governments deregulated financial services. How serious was this threat for London’s future as a global financial center?

Class 19 Paris and Haute Couture

The case describes the foundation of Christian Dior, the leading Parisian fashion house, in 1946 and its subsequent globalization strategy. After explaining the historical origins of France's pre-eminence in upscale fashion, the case explores the challenges to this position from New York after World War 2, and the importance of Christian Dior's New Look in restoring French fashion to world leadership. The case examines, in particular, Dior's innovative strategy to combine a high fashion business in Paris with a ready-to-wear business in New York, and his subsequent pursuit of licensing opportunities in jewelry and other luxury products. The case provides an opportunity to explore the role of creativity in the luxury fashion industry, and the challenges and opportunities of globalizing such an industry.

Materials



[Christian Dior: A New Look for Haute Couture](#)

(809159)

Assignments

1. Why did some people consider Paris's position as the world's fashion center as being under threat after 1945?
2. Why was the House of Dior seen as pivotal in reviving Paris's fortunes? How did the New Look “force women to toss out their wardrobe”?
3. How would you compare Christian Dior himself with other entrepreneurs seen in this course?

Class 20 Business Groups

This case describes the creation of Turkey's largest business group by Vehbi Koç. The foundation of this group in the interwar years, and its subsequent diversification into many industries, including automobiles, household goods, and services, are analyzed. The case serves as a vehicle to explain why diversified business groups are so important in emerging markets such as Turkey. It explores the role of market imperfections, government policies, and entrepreneurial ambition in their creation, as well as the organizational challenges posed by

managing such diversified firms owned by a family. Much of the firm's growth came from licensing and joint venture agreements with multinational firms that were unable, or unwilling, to invest directly in Turkey because of political risk and government restrictions. The case ends in 1988, when the founder has received a report from the management consultancy Bain calling for the firm to reduce the range of activities it undertakes because of the competitive challenges resulting from the liberalization of the Turkish economy.

Materials



[Vehbi Koç and the Making of Turkey's Largest Business Group](#)

(811081)

Assignments

1. How did Vehbi Koç develop a business in Turkey before 1946? How did he overcome the many challenges he faced?
2. Why was the Koç business group able to grow so quickly between 1946 and the 1980s?
3. Was Bain right that, whatever the merits of the Koç group in the political and economic circumstances of Module 3, its organizational structure was inappropriate for a more liberal and deregulated age?

Class 21 Building a Brazilian Automobile Industry

This case examines the costs and benefits of the Brazilian government's policies to encourage foreign multinationals to develop an automobile industry during the 1950s and 1960s. A combination of incentives and market closure were used to attract foreign direct investment. Volkswagen responded more positively than the U.S. firms Ford and GM, and was able to become market leader as a result. A brief comparison with the South Korean automobile industry enables a discussion whether foreign or local ownership of an industry such as automobiles is more beneficial to the economic development of a country. Brazil developed an automobile industry much more quickly than South Korea, and it remains the largest automobile industry in

Latin America, but it had few home-grown brands, and the industry's developed rested on the strategies of foreign multinationals.

Materials



[Brazil at the Wheel](#)

(804081)

Assignments

1. Why did the Brazilians want an automobile industry in the 1950s? How do you assess President Kubitschek's strategy?
2. Why was it VW rather than Ford which responded to the Brazilian government's automobile policies? Which company got it right?
3. This case includes a brief comparison of the Brazilian and South Korean automobile industries. Which government got it right?

Module 4 Recreating Global Capitalism

The final module examines the creation of today's new global economy between 1979 and the present day as China, India and other countries opened their borders to global capitalism. It employs the lessons of history to understand the nature of today's business opportunities, and explores how entrepreneurs can respond to current risks of de-globalization. Global markets for corporate control, capital and talent emerged in this period. There were large social changes, including for gender equality. The Great Convergence has seen some regions of the non-Western world sharply reduce their income gap with the West, although the growing wealth equality within countries during modules 2 and 3 has been reversed as income disparities have grown. Businesses have exploited new communication technologies and deregulation, and sought to exploit markets and attract talent in the non-Western world.

Class 22 Making China Beautiful

This module begins with the transformation of China between the late 1970s and the present day following the opening of the country to global capitalism by the ruling Communist Party. This broad issue is approached through the case of Shiseido, the leading Japanese cosmetics company, which entered China in 1981. In 1994 Shiseido launched Aupres, a large cosmetics brand specifically aimed at Chinese women. Further growth followed, and in 2003, it began to build a large network of voluntary chain stores. The case enables a discussion of central issues in the globalization of the cosmetics industry, including the extent to which local customization is needed to attract customers, and whether this need for customization is growing or not. However for EGC the primary purpose of the case is to highlight the extraordinary transformation of China in the second global economy. In 1978 the cosmetics market was close to zero, as the Communist regime prohibited the manufacture of such products. By the 2000s, China had grown to become the fourth largest beauty market in the world, with Shiseido and all the major beauty companies in the world heavily invested in it. The case also shows the new realities of the second global economy. Shiseido's growth is shown to have rested heavily on the support of the Chinese authorities, especially the City of Beijing government, with whom it forged a close relationship.

Materials



[Making China Beautiful: Shiseido and the China Market](#)

(805-003)

Assignments:

1. In the early 1980s Yoshiharu Fukuhara starts a business in China. What could he take from Shiseido's past history during Modules 2 and 3 concerning the opportunities and challenges of entering such new markets? What were the challenges of starting a cosmetics business in China?
2. Two decades later, when Tadakatsu Saito took control of Shiseido's business in China, it had grown to 42 billion Yen (\$400 million) in sales. What were the key factors in its success? Should we consider Shiseido's stated desire to "make Chinese women beautiful" a form of productive entrepreneurship?
3. Why should Saito have concerns about Shiseido's future despite this success in China? What should he advise his company's CEO?

Class 23 Bollywood and the Globalization of Cinema

This case considers the past and future of global culture using the medium of film. The focus is the opportunities and challenges facing Indian film producers in accessing the global film market. It describes the history of the cinema and the rise of Hollywood to global dominance by the 1920s. Although film industries continued elsewhere, including Britain and France, their products had limited international appeal. However during the second global economy the growth in the economic importance of countries such as India and China is being accompanied by the growing international appeal of their cinemas. The Bollywood film industry, produced in Mumbai (formerly Bombay), was one of the world's oldest and largest, but it was primarily focused on the domestic market before the 1990s. The classic movies had a distinct genre, being typically long, melodramatic, and musical. Over recent decades, diaspora markets have encouraged rising standards, while deregulation permitted much easier capital raising. A number of large Indian studios have developed, and Hollywood movie studios have also taken large stakes in the industry. Rising interest in India has also encouraged "crossover" films, typically incorporating the experience of the diaspora in Western countries. At the heart of the case is the issue whether Indian content films can compete with Hollywood in global markets, and to what extent a change in cultural content is necessary for this strategy to work.

Materials

 [Can Bollywood Go Global?](#)

(806040)

Assignments

1. During the 1920s Charles Pathe predicted that the United States and Hollywood "would take possession of the global market for ever." During Modules 2 and 3, this prediction turned out to be accurate. What was the basis of Hollywood's global success? Why was Bollywood's market still primarily domestic or confined to neighboring regional markets by the beginning of the 1980s?

2. Why has the international market for films with Indian content grown during second global economy? Has this involved a loss of authenticity?
3. It has often been asserted that globalization has led to the erosion of local cultures and traditions through promoting a homogenous global consumer culture. What does the evidence of the world cinema industry tell us about the evolving nature of global culture during the second global economy?

Class 24 Diaspora and the Growth of the Indian IT Services Industry

This case is focused on Jerry Rao, a former Citibank who a launched an IT services start-up called MphasiS in 1998. It enables a discussion of how India developed an IT services industry in Bangalore during the second global economy, but the real focus of the case is the role of diaspora in the economic growth of developing countries over the last thirty years. The case examines the international career paths of Indian engineers and business professionals like Rao since the development of public policies beginning in the 1960s to attract them to developed countries like the United States. It explores why these professionals often chose to leave India in pursuit of economic opportunities abroad, and why many began returning to their homeland to start or run businesses after the deregulation of the 1990s.

Materials



[Jerry Rao: Diaspora and Entrepreneurship in the Global Economy](#)

(805017)

Assignments

1. What was the most important influence on Jerry Rao's success as an entrepreneur after founding MphasiS in 1998? What, if anything, is different about his story in the second global economy from those seen in earlier Modules of this course?
2. Why did India develop a successful IT services industry during the second global economy?
3. What are the implications of EDS's acquisition of control of MphasiS for the future of the Indian IT services industry? What are the implications of the industry as a whole for the future economic growth of India?

Class 25 Globalizing the Media

This case examines the entrepreneurial career of Rupert Murdoch, and the growth of News Corporation from a small Australian newspaper to a global media giant. It shows how he expanded geographically to Europe, the United States, and Asia and from newspapers to the film and television industries. The case identifies the personal role of Murdoch in this growth, and the role of his family in its management. The case considers the political impact of News Corporation's newspapers and other media, and their alleged role in shaping political opinion.

Materials



[Rupert Murdoch: The Last Tycoon](#)

(811017)



Stefano Della Vigna and Ethan Kaplan, “The Fox News Effect: Media Bias and Voting,” *Quarterly Journal of Economics* (2007)



Matthew Gentzkow and Jesse M. Shapiro, “What Drives Media Slant,” *Econometrica*, Vol. 78, No. 1 (January, 2010)



BBC News, “News Corp Officially Splits in Two,” June 28, 2013.

Assignments

1. Rupert Murdoch is variously described in the case as a visionary, evil, and “Australia's greatest businessman.” Which description best explains his success in building a \$30 billion media empire out of a small newspaper business in Adelaide, Australia?
2. Richard Branson has described Murdoch as a “threat to democracy.” Do you agree?
3. How would you assess Murdoch's overall impact on the second global economy: is it productive, unproductive or destructive?

Class 26 Routing China

Cisco, the corporate leader in the provision of infrastructure for the Internet, entered China in 1994. Companies such as Cisco, which designs products that are largely invisible and outsources their manufacture, face a number of opportunities and challenges in an emerging economy. China was among the fastest growing IT markets in the world, but Cisco faced growing competition from Chinese firms, including Huawei, and there were serious issues arising from software piracy. This case explores Cisco's delicate relationship with the Chinese government, which was seeking international technology standards that favored Chinese technology firms.

Materials



[Cisco Goes to China: Routing an Emerging Economy](#)

(805020)



Steve Stecklow, Farnaz Fassihi and Loretta Chao, "Chinese Tech Giant Aids Iran," *Wall Street Journal*, Oct. 27, 2011



Matthew Miller, "Spy Scandal Weighs on US tech Firms in China, Cisco Takes Hit," Reuters, Nov 14, 2013

Assignments

1. In November 2007 John Chambers announced a \$16 billion expansion of Cisco's existing business in China. Was this a good business decision, given the information he had before him?
2. If Chambers had studied the previous EGC cases on T.J. Watson and Charles Engelhard, would he still have participated in the CN2 upgrade of China's internet network in 2004?
3. In 2000 President Clinton predicted that "liberty will be spread by cell, phone and cable modem." Please review previous cases to identify the great advances in communication technologies in each module of EGC. Did they advance liberty in their eras? Whatever the

historical record, was Clinton right that cell phones and the internet are now advancing liberty in module 4?

Class 27 Female Entrepreneurship under and after the Taliban

This case explores the challenges of female entrepreneurship in Afghanistan through the case of Kamila Sidiqi, who built a business under the Taliban, and founded a consultancy in 2004. Sidiqi's experiences are positioned against the background of Afghanistan's turbulent history, with a focus on the contested role of women in Afghani society. The case enables a discussion of whether entrepreneurship can make a substantial difference in post-conflict economies such as Afghanistan, or whether the building of effective political institutions is the essential pre-condition. The case is accompanied by a note which surveys evidence about the role of female entrepreneurs in the developing world more generally, both historically and today.

Materials



[Kaweyan: Female Entrepreneurship and the Past and Future of Afghanistan](#) (811023)



[Female Entrepreneurship in Developing Countries](#) (807018)

Assignments

1. What are the major challenges and opportunities that Kamila Sidiqi faces as she seeks the \$480,000 consultancy contract in December 2009?
2. Does the earlier history of Afghanistan since the first global economy suggest that Kamila Sidiqi's gender will be a problem or an opportunity in building her new entrepreneurial venture in Afghanistan? Is it possible that major conflicts make such history irrelevant?
3. How, if at all, could Kamila Sidiqi make a real difference to Afghanistan's future?

Topic 28. Globalization and Entrepreneurship

This wrap up session considers the conflicting views of scholars and journalists concerning whether the second global economy is “flat” or “spiky.” Students are presented with excerpts from a range of scholars who take different views on this issue. During the wrap up session there is a focus on what the historical evidence reviewed in this course can tell us about these trends.

Materials



Flat and Spiky Worlds

Assignments

1. The authors excerpted in the final case fall into two camps. The first argue that the world is flat, and getting flatter. The second argue that the world remains spiky, and may be getting more spiky. Can the history you have studied in EGC help us understand which argument is more plausible?
2. Have the entrepreneurs you have seen in EGC been shapers of, or responders to, globalization waves?
3. How do you see your own impact on flatness or spikiness going forward - as a shaper or responder?