

FACDIS 29th Annual Workshops

Emerging Economies: The Post-American Century

November 5-6, 2009
Lakeview Resort & Conference Center
Morgantown, West Virginia

Preliminary Program

Thursday, November 5

- 9:30 am-1:00 pm REGISTRATION: Library
BOOK DISPLAY: University Hall
- 10:30-11:30 am STEERING COMMITTEE MEETING: Ward Christopher Room
- 11:45 am-1:15 pm LUNCH: Reflections
- WELCOME: Jack Hammersmith, Director, FACDIS
- 1:30-3:00 pm OPENING PANEL DISCUSSION WITH PRESENTERS: University Hall
Patrick J. Conway, University of North Carolina at Chapel Hill
Patrice M. Franko, Colby College
Peter W. Moore, Case Western Reserve University
Eva Paus, Mount Holyoke College
- 3:00-3:15 pm BREAK
- 3:15-4:45 pm **First Set of Concurrent Sessions**

Topic 1. First, Post-Soviet: Now, Post-American? -- The Evolving Economic Landscape for Russia, Eastern Europe and Central Asia: Seminar Rooms 1 & 2

Consultant: Patrick J. Conway, University of North Carolina at Chapel Hill

Session 1: *Won't You Be My Neighbor? Redirecting Trade Toward Rapidly Growing Markets*

In the Soviet era, these countries largely traded with one another. In the post-Soviet period, the U.S. and Western Europe became the primary trade partners for each of these. With the current world financial crisis, the demand in the U.S. and Western Europe for their products has been diminished -- what markets can they turn to?

Topic 2. Brazil as a BRIC?: Is (B)razil (R)eady to (I)nvest in (C)ompetitiveness?: Seminar Rooms 3 & 4

Consultant: Patrice M. Franko, Colby College

Session I: *The Brazilian Economic Context: From Import Substitution Industrialization to a Global Economic Power*

This session will focus on the overall context of the political, economic and business environment in Brazil from the period of import substitution to its move into the global arena. How can a democracy that teetered on the default of debt and lived with 70% inflation—per month—generate sustainable growth profile? What were the high costs of financial stability? What macro constraints does Brazil continue to face in its ability to balance its domestic economy with the demands of the international financial sector? After an introductory discussion, the session will engage Aldo Musacchio's case, *Brazil Under Lula: Off the Yellow BRIC Road*.

Topic 3. The Middle East's (Very) Political Economies: Training Room 1**Consultant:** Peter W. Moore, Case Western Reserve UniversitySession I: *The Political Economy of Authoritarianism in the Middle East*

The Middle East is said to be exceptional insofar as all Arab regimes remain impervious to political liberalization, and--despite great human and capital wealth--their economies remain underdeveloped. For example, Arab leaders today, with few exceptions, face disorganized and discredited political oppositions. And Arab economies while growing well until the early 1980s have performed poorly since the mid-1980s. In fact, these phenomena are related and the explanations are not exceptional. Arab regimes of the 1950s and 1960s as well as their colonial predecessors built their newly independent states at the same time they constructed national markets. All too often economic policies were geared toward centralizing political rule at the expense of meaningful social investment or productive development. Today, Arab economies cannot produce the quantity or quality of jobs needed for young populations; moreover, aside from oil, they export too little, and import too much. The barriers to productive economic development are not economic, or technical, or due to a lack of freedom for that matter, rather the impediments are political.

Topic 4. Globalization in the 21st Century: Changing the Rules of the Game?: Training Room 4**Consultant:** Eva Paus, Mount Holyoke CollegeSession I: *China Matters!*

China's phenomenal transformation and growth over the last two decades will profoundly alter the global geography of well-being and power in the twenty-first century. There is widespread agreement that the era of U.S. sole superpower status is over, but there is heated discussion on what will replace it and how the transition to a multipolar world order can be achieved. It is clear that China has become the manufacturing powerhouse of the world, but it is not clear whether developed countries be able to find enough new competitive advantages up the value chain to maintain the standard of living of most of its citizens. Here we will focus mainly on China's impact on other emerging economies, an issue that has received much less attention, but is of vital importance to most countries of the world. What are the implications for other developing countries of China's seemingly insatiable demand for natural resources? Of China's dynamic competitiveness in manufactured goods, from clothing to computers? Of China's enormous sovereign wealth funds? Of China's potential counterweight in international negotiations?

6:00-7:00 pm SOCIAL HOUR (cash bar): University Hall

7:00 pm BANQUET: University Hall

Friday, November 6

7:00 am INSTITUTIONAL REPRESENTATIVES BREAKFAST: Ward Christopher Room

7:30 am GENERAL BREAKFAST: University Hall

8:30-10:00 am **Second Set of Concurrent Sessions. Participants will stay in same track as Thursday afternoon (3:15 pm-4:45 pm).****Topic 1. First, Post-Soviet: Now, Post-American? -- The Evolving Economic Landscape for Russia, Eastern Europe and Central Asia:** Seminar Rooms 1 & 2**Consultant:** Patrick J. Conway, University of North Carolina at Chapel HillSession II: *Financial Integration: How Close Do We Want to Be to Those Volatile World Markets?*

Russian Prime Minister Putin famously said that Russia had been insulated from the world financial crisis by its prudent policies -- just before a stunning financial collapse in his country. There are definite benefits from financial integration, but, as the recent events demonstrate, there are potential costs as well. How have these countries adjusted to the new uncertainty in financial markets? What countries have weathered it best?

Topic 2. Brazil as a BRIC?: Is (B)razil (R)eady to (I)nvest in (C)ompetitiveness?: Seminar Rooms 3 & 4

Consultant: Patrice M. Franko, Colby College

Session II: *The Micro Foundations of International Competitiveness: The Case of Brazil*

Macro stability has brought new opportunities for micro economic growth. One element of Brazilian competitiveness has been the ability to leverage its large internal market as a springboard for “multilatinas”—Latin American multinationals. This session will focus on the competitive advantage of multilatinas such as Embraer, Petrobras, and Orsa. What has been the mix of public and private investment that has given firms their competitive edge? How do Brazil firms stack up against BRICS in India and China? Are multilatinas poised to change the global economic landscape? In part, we will consider Pankaj Ghemawat, Gustavo A. Herrero, and Luiz Felipe Monteiro’s case on *Embraer: The Global Leader in Regional Jets*.

Topic 3. The Middle East's (Very) Political Economies: Training Room 1

Consultant: Peter W. Moore, Case Western Reserve University

Session II: *Oil Politics and Societies*

One of the most repeated claims heard today is that oil causes bad politics or impedes democracy in the Middle East. Termed “rentier state theory” by social scientists in the 1980s, the simple argument is that the character of a state’s wealth shapes its basic politics. In the case of the oil rich state (or rentier state), that means easy profits from oil or other external sources like foreign aid, allow rulers to buy off or suppress political opposition. However, recent scholarship has come to challenge this neat connection. If oil is the primary cause, why are there cases of democratic oil states outside the Middle East? Are all rentier states in the Middle East the same? And what about Arab states like Egypt and Jordan that instead of oil receive billions in external aid and loans? Finally, how have oil riches affected societies in countries like Kuwait and the United Arab Emirates?

Topic 4. Globalization in the 21st Century: Changing the Rules of the Game?: Training Room 4

Consultant: Eva Paus, Mount Holyoke College

Session II: *A New Development Agenda in the Post-American Century: Pipedream or Real Option?*

More than twenty years of neoliberal reforms have generated dismal development results in most of Africa as well as Latin America. Based on theoretical arguments and empirical studies of past development success stories, critics of Washington Consensus policies have argued that free trade is not a development strategy, and they have proposed a new development agenda with the development of domestic technological capabilities at the core. In the 21st century, the policy space for implementing such a new agenda is severely constricted by internal and global factors. What is the nature of these constraints? What changes are needed in global rules and internal restrictions to allow for the implementation of a new development agenda? And where does agency lie for any such changes?

10:00-10:30 am COFFEE BREAK

10:30 am-12 noon **Third Set of Concurrent Sessions. Participants will stay in same track as Thursday afternoon (3:15 pm-4:45 pm) & Friday morning (8:30-10:00).**

Topic 1. First, Post-Soviet: Now, Post-American? -- The Evolving Economic Landscape for Russia, Eastern Europe and Central Asia: Seminar Room 1 & 2

Consultant: Patrick J. Conway, University of North Carolina at Chapel Hill

Session III: *The Great Game, But with Tankers as Chips: Energy Exports as a Path to Development*

Reliance on energy exports has been a common theme among the transition economies. This raises two concerns. First, have these countries become pawns in a global game of Risk? Second, has this led to a flare-up of the “resource curse” as it has been identified in traditional minerals exporters? We will examine the examples of Russia’s pipelines to Europe (through Ukraine), the export aspirations of the Caspian Sea countries, and the power position of Kazakhstan.

Topic 2. Brazil as a BRIC?: Is (B)razil (R)eady to (I)nvest in (C)ompetitiveness?: Seminar Rooms 3 & 4

Consultant: Patrice M. Franko, Colby College

Session III: *The Social and Environmental Limits and Opportunities for Growth in Brazil*

How do environmental and social challenges act as both constraints and opportunities in Brazil? What can a SIEM (systemically important emerging market) accomplish in the social sector? What is the mix of the role of the state and the private sector in attending to social and environmental concerns? Have innovative CCT (conditional cash transfer) programs such Bolsa Familia delivered? What is the role for private social investment—as corporate social responsibility is sometimes called in Brazil—in addressing social concerns? In closing, we will consider the case by Rosa Maria Fischer and Tania Casado, *Natura-Ekos: From the Forest to Cajamar*.

Topic 3. The Middle East's (Very) Political Economies: Training Room 1

Consultant: Peter W. Moore, Case Western Reserve University

Session III: *Violence, Occupation, Civil War, and Making Money: Lebanon, Palestine, and Iraq*

Since World War Two, three countries in the Middle East have reversed development. In all three cases chronic violence with links to external powers scared away investment, forced middle class professionals to flee, and brutalized those that remained. Yet at the same time these conditions created opportunities for new actors to make big money. A perverse logic underlies de-development. External powers, militias, or organized criminals use violence to monopolize access to economic assets; the profits and political advantage which flow from monopoly control go to reinforce the means of the violence. Given that borders in the Middle East are permeable to external stimuli, war and violence has carried and will continue to carry negative repercussions for the region. In particular, the ultimate consequences of the US invasion of Iraq are still to be felt and endured. In Palestine, Israeli blockades, settlements, and violence have economically dismembered and socially battered the foundations of a two-state solution. A failure of the two-state solution will have global ramifications.

Topic 4. Globalization in the 21st Century: Changing the Rules of the Game?: Training Room 4

Consultant: Eva Paus, Mount Holyoke College

Session III: *We all live in Ireland now! The Rise and Fall of the Celtic Tiger*

The increasing fragmentation of production processes across national borders and the ease with which transnational corporations reorganize their value chains on a global level are the distinctive characteristics of globalization in the 21st century. As TNCs are expanding their global value chains, emerging economies eagerly compete with each other to tap into these global networks. They expect foreign direct investment (FDI) to provide new capital, technological spillovers, and international market access and thus advance economic development. Helas, there is no automatic nexus between FDI and development. Whether FDI contributes to development depends on the complex interplay between TNC production and host countries' domestic capabilities and on the existence of conditions that allows both to move up the value chain.

Ireland provides an excellent example of changing dynamics in an FDI-linked development strategy. Between 1990 and the early 2000s, Ireland advanced from one of the poorest economies of the European Union to one of its star performers earning it the title 'Celtic Tiger. Large foreign investment inflows contributed greatly to Ireland's growth. But by the early 21st century, the global economy and the country's location-specific assets had changed, and foreign investors began to relocate, en masse, the production of commodities from Ireland. To boot, the current global crisis has affected Ireland particularly severely, with the economy projected to contract by eight percent in 2009.

What lessons does the Irish experience hold for emerging economies in the 21st century?

Noon: WORKSHOPS ADJOURN

WORKSHOP LEADERS

PATRICK J. CONWAY, University of North Carolina at Chapel Hill

Patrick J. Conway has been affiliated with University of North Carolina at Chapel Hill since 1983. Prior to that time he served in the Peace Corps in Cote d'Ivoire and in the U.S. Department of State, and was a research fellow at the Brookings Institution in Washington, DC. He received his PhD and MPA from Princeton University. He was chosen as an International Affairs Fellow of the Council of Foreign Relations in 1989, and spent the academic year 1989-1990 as a visitor in the Research Department of the International Monetary Fund. During the initial years after the break-up of the Soviet Union, he joined World Bank missions to Kazakhstan, Georgia and Belarus as a specialist on macroeconomic and international trade issues. This experience led to an ongoing research interest in the transition experiences in the formerly Soviet economies. Throughout his professional life, he has been devoted to improving teaching and learning outcomes. He has received a number of awards for his instruction, including: the Pew Faculty Fellowship in International Affairs, awarded by Harvard University in 1991; the William Friday/Class of 1986 Award for Excellence in Teaching, awarded in 2001; and the Bowman and Gordon Gray Professorship in Economics beginning in 2007. He has also presented workshops and master classes in teaching economics for the American Economic Association, The World Bank, the International Finance Corporation, and various universities.

PATRICE M. FRANKO, Colby College

Patrice M. Franko is Grossman Professor of Economics in the economics department and Professor in the international studies program at Colby College in Waterville, Maine, where she teaches international economics, Latin American economic policy, and micro economics. She currently directs Colby's Oak Institute for Human Rights. An active member of the Latin America Studies Program, she has also chaired the International Studies Program, the Economics Department, and East Asian Studies. Nationally, she has been a Pew Faculty Fellow in International Affairs, an American Association for the Advancement of Science Fellow in International Security Affairs and lectures for the executive masters program in logistics at Georgia Tech. She has served as a consultant for the Office of Inter-American Affairs, the Department of Defense, for the Center for Hemispheric Defense Studies at the National Defense University, and for the Office of International Affairs at the National Academy of Sciences. She currently serves on the boards of the Mid-Maine Global Forum, The AIDS Responsibility Project and the Global Studies Foundation. With a Ph.D from the University of Notre Dame, her publications include *The Puzzle of Latin American Economic Development*, 3rd edition (2007), *Toward a New Security Architecture in the Americas: The Strategic Implications of the FTAA* (2000), and *The Brazilian Defense Industry* (1992). Current projects include work on corporate social responsibility in Latin America and a book for Rowman & Littlefield, *The Puzzle of Economic Globalization*. She lives on Great Pond in Rome, Maine, with her husband, Sandy Maisel, and their dog, Nicklaus; her hobbies include cooking and golf.

PETER W. MOORE, Case Western Reserve University

In addition to being on faculty at Case Western Reserve University, Cleveland, Ohio, Peter Moore serves on the editorial board of *Middle East Report*. Previously, he held positions at the University of Miami, Concordia University, Dartmouth College, and McGill University. Moore's research explores issue of political economy of the Middle East, specifically business-state relations, oil politics, trade, and most recently sub-state conflict. He has conducted research and lived in Jordan, Turkey, Lebanon, Egypt, Kuwait, Yemen, and Palestine. In 2008-2009, he was a Fulbright Fellow at Zayed University in Dubai, United Arab Emirates. Moore's current project examines the changes to Iraq's political economy since 2003. Elements of this research were published in summer 2007 in *Middle East Report* ("Iraq's War Economy"). A second installment is forthcoming and entitled, "Making Money on Iraq." Other publications include a 2004 book, *Doing Business in the Middle East: Politics and Economic Crisis in Jordan and Kuwait* (Cambridge University) as well as articles in *Comparative Politics*, *Studies in Comparative International Development*, *International Journal of Middle East Studies*, *Middle East Policy*, *Middle East Law and Governance*, and Salon.com. He earned his PhD at McGill University in Montreal.

EVA PAUS, Mount Holyoke College

Eva Paus is Professor of Economics and a member of the International Relations Program at Mount Holyoke College, South Hadley, Massachusetts. She has long been a promoter of active learning strategies, in her own courses on economic development, and at the college at large. In recent years, her research has been concentrated in three main areas: foreign investment and development, policy space for a new developmentalist strategy, and the impact of the rise of China on developing countries. Her recent publications include *Global Giant. Is China Changing the Rules of the Game?* (co-edited with Penelope Prime and Jon Western, 2009); *Global Capitalism Unbound: Winners and Losers from Offshore Outsourcing* (ed., 2007), *Foreign Investment, Globalization and Development: Can Costa Rica Become Ireland?* (2005), all published by Palgrave Macmillan. [www.mtholyoke.edu/~epaus] Paus has been the director of the McCulloch Center for Global Initiatives since it was established at Mount Holyoke College in 2005. The Center anchors the College's comprehensive approach to Global Education. Among other things, it complements the College's existing curricular offerings on international and global issues with cross-divisional programs that engage the whole community through an annual global scholar in residence and a biennial global challenges conference [www.mtholyoke.edu/global].

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* Institutions whose Institutional Representative serves on the Steering Committee until November 30, 2009.

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