

## Teaching Comparative Economics in a Study-Abroad Program

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This paper was presented on April 19, 2017, as a part of Olivet Nazarene University's Scholar Week program. A previous version of this paper was prepared for the Association for Comparative Economic Studies Poster Session, entitled "New Research on Firms, Markets, and Institutions in Transitional and Emerging Economies," at the Allied Social Sciences Associations meetings, Chicago, Illinois, U.S.A., January 6, 2017

## Abstract

Instruction in the field of comparative economics has changed dramatically over the past few decades. Once primarily a comparison of market capitalism and planned socialism, courses in this area now focus on the “varieties of capitalism,” including those manifestations which still retain a significant degree of governmental involvement.

The continent of Europe provides an excellent case study in these contrasts:

- The “social market” model of the northern European nations;
- The “social democratic” model of the Scandinavian countries;
- The “corporatist” model of France and some southern European nations;
- The “state capitalist” model of the Russian Federation;
- The “emerging market” model of the relatively new members of the European Union in Central and Eastern Europe.
- The “Anglo-Saxon” hybrid model of the United Kingdom.

The International Business Institute (IBI) provides an excellent opportunity to teach these subjects in the context of the nations and regions under consideration. One of the courses in the IBI program, Comparative Economic Systems, is offered primarily during the first three weeks of this experience, when the group is in Lithuania, Latvia, the Russian Federation, and Germany. This poster will describe how the design of the program, which combines formal class sessions with corporate and organizational seminars and visits to sites of historical and cultural interest, as well as informal interaction between students and faculty, enables the content of comparative economics to be presented in an integrated manner. After an introduction to the entire sub-field, this portion of the class addresses the economies of the Russian Federation, Germany, France, Sweden, the United Kingdom, the Baltic states, and other case studies in post-Communist transition.

The author of this paper has taught an upper-division course in comparative economics, in either a private or a public-university setting, for the past 33 years. At the beginning of this time period, the class was primarily devoted to a comparison of market capitalism and planned socialism, with the Soviet Union as the primary case study of the latter. The focus of the course changed dramatically in the late 1980's and early 1990's, with the implementation of a rapid approach to economic transition in Central and Eastern Europe, and the contrast between this course of action and the gradualist strategies that had already begun to be implemented in the People's Republic of China. From a personal standpoint, the design of this class underwent another major shift at the beginning of the next decade, when the author began teaching in the International Business Institute (IBI) program in the summer of 2001.<sup>1</sup> IBI is a ten-week study-abroad program in which students complete four courses (two in business, and two in economics) which are integrated with approximately 25-30 seminars at corporate offices, governmental ministries, and non-governmental organizations. The program itinerary consists of six weeks in Europe and four weeks in Asia, and also includes visits to sites of historical and cultural interest.<sup>2</sup> The IBI program is based at Messiah College in Grantham, Pennsylvania, and participating students come from that institution, as well as other affiliated colleges and universities in the Council for Christian Colleges and Universities.

The classes in the IBI program are staggered over the length of the itinerary, with the Comparative Economic Systems (CES) course scheduled first.<sup>3</sup> The CES classes begin in Lithuania, and cover introductory topics in comparative economics, as well as the economies of the former Soviet Union and the current Russian Federation.<sup>4</sup> Discussion of the Lithuanian economy, as an example of a relatively new member of the European Union, is provided through our visits to the U.S. Embassy in Vilnius, as well as the Port of Klaipeda. After leaving Lithuania, the group travels by overnight train from Riga, Latvia to

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<sup>1</sup> In the interest of full disclosure, it should be noted that the author's initial teaching assignment in the IBI program was the International Trade and Finance class. The author did not begin teaching the Comparative Economic Systems course, on a regular basis, until 2010. The Website for the IBI program is <http://www.ibi-program.org/> The preliminary bulletin for the 2017 IBI program has been included in this paper as Appendix A.

<sup>2</sup> For the first time, the 2017 itinerary also includes plans to visit Dubai, in the United Arab Emirates, at the end of the program.

<sup>3</sup> The CES course is also the only one of the four IBI courses that does not begin and end continuously. Approximately 80 percent of this class is taught in Europe, with the remainder offered in India. The other courses in the program, besides CES and International Trade and Finance, are Global Business Strategy and Global Marketing.

<sup>4</sup> The current textbook for the CES course is The Evolution of Economic Systems: Varieties of Capitalism in the Global Economy, by Barry Clark (Oxford University Press, 2016). Additional readings on specific countries and regions are used as a supplement.

Moscow. Classes are not held in this location, but the previous coursework on the Russian economy is integrated with historical and cultural events, presentations by guest speakers, and visits to corporate offices such as KPMG and Ernst and Young. The CES course resumes in Heidelberg, Germany after leaving the Russian Federation. These classes cover the economics of the European Union, as well as the economies of Germany, France, and the United Kingdom. This coursework is integrated with corporate/organizational visits to the European Central Bank and Deutsche Bank in Frankfurt, as well as John Deere in Mannheim.<sup>5</sup> Most of the program's remaining itinerary in Western and Central Europe is devoted to the Global Business Strategy course. The CES course is completed during the group's time in Chennai, India. These classes cover the economies of India, China, and Japan.<sup>6</sup> This coursework is integrated with corporate visits to Ford Motor Company and Larsen & Toubro Engineering, as well as presentations by guest speakers.

The question of why this course provides a higher degree of "value-added" for students than a conventional, "on-campus" class can be answered in two words: Context Matters. Over the years, IBI students have consistently reported that their interest in, and knowledge of, comparative economics increased significantly as a result of their participation in this program.<sup>7</sup> They readily acknowledge that they now have an enhanced understanding of the relevance of the following issues:

- 1) The value and significance of membership in the European Union to Lithuania, a small nation with a strategic geographic location;
- 2) The ongoing economic and social legacy of what Lithuanians refer to as "the Soviet occupation" of their country, even 25 years after the collapse of the Soviet Union;
- 3) The current opportunities and challenges facing the Lithuanian economy, including energy (an example of the former) and outward migration (an example of the latter);

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<sup>5</sup> For the 2017 program, the previous visit to John Deere has been replaced by a visit to SAP.

<sup>6</sup> Japan is the only national economy addressed in this course which is not on the group's itinerary. While the program no longer visits Sweden, references to the "social democratic" model are included as a part of the course's treatment of the "varieties of capitalism" within Europe.

<sup>7</sup> The student evaluation comments for this course, from the 2015 program, have been attached as Appendix B. The names of specific faculty members have been deleted. The phrase, "Commanding Heights," refers to the DVD series, "Commanding Heights: The Battle for the World Economy." Programs One and Two in this series are viewed during our residence time at LCC International University in Klaipeda, Lithuania. The Website for this series is <http://www.pbs.org/wgbh/commandingheights/>

- 4) The connection between the Russian experience of “shock therapy” in the 1990’s, and the emergence of “state capitalism” in the Russian Federation in the following decades;
- 5) The rationale for, and the implications of, the categorization of the Russian economy as one which is based on “extractive industries”;
- 6) The particular distinctives of the German “social market” economy, especially in the aftermath of the global financial crisis;
- 7) The role of Germany in addressing the present challenges facing the European Union and the Euro area, including the sovereign debt and migration crises;
- 8) The key economic issues involved in the United Kingdom’s referendum on membership in the European Union;
- 9) The range of possible options for the United Kingdom, and their corresponding details, with respect to its “post-Brexit” economic relationship with the nations of Continental Europe;
- 10) The contrast between the institutional structures of the French and German economies, as well as the difference in their relative economic performance in recent years;
- 11) The historical evolution of the European Union, from its origins to its current controversies;
- 12) The experience of India, over the last 25 years, as a rising “emerging market” in the global economy.

The integrative nature of the approach to comparative economics that is taken in this program, combining class sessions with corporate/organizational seminars and historical/cultural experiences, is also reflected in the course writing assignments.<sup>8</sup> The benefits of pursuing these studies in this manner have also been cited by articles in the professional literature that have focused on other programs which are similar in design. One study, of a program based in Costa Rica, concluded that “students’ analysis of globalization became more sophisticated through the strategies of inter-linking the short-term study abroad with both course work and community interaction.”<sup>9</sup> Another article, which hypothesized that students majoring in business-related disciplines might be initially attracted to study-abroad programs because of incentives

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<sup>8</sup> Sample assignments, from the 2016 program, have been included in this paper as Appendices C and D.

<sup>9</sup> Tammy L. Lewis and Richard A. Niesenbaum, “The Benefits of Short-Term Study Abroad.” The Chronicle of Higher Education, 51 (39), June 3, 2005, p. B20.

related to resume enhancement, observed that, in the end, “it could be the case that students’ relative ranking of the job-market aspect of study abroad lessens because they have more appreciation for the other aspects of the program after travel.”<sup>10</sup> Based on the experience of the past 15 years, it is the author’s conclusion that the “other aspects” of the IBI program certainly include an increase in knowledge and understanding of various economies around the world, as well as a heightened interest in, and awareness of, these subjects that will be sustained for the rest of their lives. This is particularly significant, given the shifts in thinking that may be taking place within international policy economy. Gideon Rachman, of the Financial Times, has offered the following characterizations of the last several decades in the global economy:

- The Age of Transformation (1978 – 1991);
- The Age of Optimism (1991 – 2008);
- The Age of Anxiety (2008 - ?).<sup>11</sup>

Some would argue that Rachman’s “Age of Anxiety” has already transitioned into an Age of Nationalism, which represents a backlash against some of the key principles and institutions embodied by a liberal international order in both politics and economics.<sup>12</sup> While it remains to be seen whether or not these trends will be short-lived or long-term in nature, those who have participated in a learning experience such as the IBI program will be well-equipped will have a foundation that will certainly shape their engagement with these issues and controversies in both personal and professional settings.

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<sup>10</sup> Chung-Ping A. Loh, Jeffrey W. Steagall, Andres Gallo, and Jeffrey E. Michelman, “Valuing Short-Term Study Abroad in Business.” Journal of Teaching in International Business, 22 (2001), p. 87.

<sup>11</sup> Gideon Rachman, Zero-Sum Future: American Power in An Age of Anxiety. New York: Simon and Schuster, 2011, p. 11.

<sup>12</sup> An example of an article which explores these possibilities is “League of nationalists,” which was published on pages 51-54 of the November 19, 2016 issue of the Economist.

## Appendix A



# INTERNATIONAL BUSINESS INSTITUTE

## PRELIMINARY INFORMATION BULLETIN - 2017

The International Business Institute is a cooperative overseas program in international economics and business management. Affiliated schools include Anderson University, Cedarville University, Cornerstone University, Eastern Mennonite University, Eastern Nazarene University, George Fox University, Grace College, Houghton College, Malone University, Messiah College, Mid-America Nazarene University, Milligan College, Mount Vernon Nazarene University, Olivet Nazarene University, Roberts Wesleyan College, Westmont College and Whitworth College. Students from other institutions are welcome but priority is given to the institutions that are affiliated with IBI. Students in the past have enrolled from the following institutions: Biola University, Calvin College, Cambridge University (UK), Dordt, Duke, Georgetown, Harvard, Pepperdine, Taylor, UCLA, University of Chicago, St. Olaf, SMU, University of South Carolina, University of Tennessee, University of Virginia, Vanderbilt, Wake Forest, Wheaton College, and The College of William and Mary.

For over 40 years, the International Business Institute has been giving students who are studying in the fields of international business, economics, finance, accounting, marketing, management, business-as-missions and related areas a distinctive opportunity to study the international dimension of these fields in an experiential context overseas.

The program is ten weeks in length. It exposes students to both mature and developing economies through periods of residence in or near internationally powerful cities, emerging economies and less developed regions. While completing academic coursework in these locations, students also participate in coordinated visits and presentations. For 2017, plans are underway for IBI to visit important political and economic centers in Russia, The European Union, India, China and potentially the UAE.

An essential purpose of this program is to encourage and facilitate the integration of academic study with the international field experience. The academic work is conducted in a variety of settings from the usual classroom to corporate headquarters, manufacturing plants, and the offices of governmental or international agencies.

### **DISTINCTIVE FEATURES:**

There are several features that together make this program particularly distinctive. **First**, there is a significant degree of involvement by a distinguished group of faculty and lecturers drawn from leadership posts in private business and finance, government and academic life. Students are often given an opportunity for personal and in depth contact with these persons beyond the usual classroom or lecture presentation. In the past, these have included parliamentary leaders, cabinet officials, top management personnel, and outstanding academic figures.

**Second**, the program concentrates on visits and contacts with leading companies and institutions in the fields of economics, business and finance, as well as national and international governmental agencies. These have included US Embassies, EU Parliament, European Central Bank, Deutsche Bank, WTO, OECD, Barclays Capital, KPMG, E&Y, Coca-Cola, Ford Motor Company, John Deere, Stanley Black and Decker, Shell International, Siemens, Tata Consulting Services, Lenovo, Intel, DDB and Nestle.

**Third**, the academic or classroom work includes the standard level of coverage in an on campus course but is coordinated with the enriching and complementary field seminar experiences and visits along with the guest faculty. This combination provides the student with the intellectual and analytical background and then grounds it with the field experience and personal contacts with guest faculty and professional practitioners.

**Fourth**, while students examine the international dimensions of business they interact with foreign cultures and get exposed to a significant percentage of the world's population. The program deepens faith and perspective on God's work in the world by bringing students into contact with numerous historical places / events, ministry organizations, Christian churches and traditions.

### **PREREQUISITES:**

The International Business Institute is a rigorous academic program. All participants are expected to have completed a full year of principles of economics, a semester of accounting or finance, and one course in management and marketing. These are the foundational courses which the student will find helpful in fulfilling the academic expectations of the program. Some exceptions may be made in consultation with the student's advisor and the Managing Director of IBI. A minimum GPA of 2.75 (on a 4.0 scale) is required at the time of participation which is usually following the completion of the junior year. A positive

recommendation from a faculty member and the appropriate student affairs office is required along with the official transcript and notation of the student's GPA. **PLEASE NOTE: All IBI courses must be taken for a grade. IBI courses may not be taken on a Pass/Fail basis. Students from affiliated institutions receive their actual letter grades not transfer grades.**

**CURRICULUM:**

The following four courses of three semester credit hours are planned for the 2016 session of IBI:

**Comparative Economic Systems:** A survey of the major economic systems, including the underlying ideological foundations and institutional arrangements. The major theoretical aspects of various types of systems are covered in terms of political economy and their central organizational features. Special attention is given to changes and developments in the former Soviet Union and Eastern Europe. The European Union is covered in depth along with the major Asian economies of China, India and Japan.

**International Trade and Finance:** A survey of the analytical and institutional aspects of international trade and finance. The historical and contextual elements are the foundation for the examination of current theoretical and empirical approaches to international economic and financial relations. Major areas of emphasis include international finance and international trade.

**Global Marketing:** The theory and practice of contemporary global marketing management. The context or environment of international marketing management is covered along with the task of marketing within a variety of national and cultural markets. Major topic areas included in this course are: the global marketing environment; global market research, including market entry and product planning; marketing strategy in a global context. Assigned projects will involve students in global marketing research and analysis as well as case studies.

**Global Business Strategy:** This course is intended to integrate the field experiences and presentations by guest faculty and practitioners in the area of international business management with the reading and academic work including the recent developments and literature in this field. Students will be expected to take quizzes or prepare analytical reports on some of the firms and institutions visited on the field seminar. Major topics covered in this course include: the role of the multinational firm in the global economy; international and global business strategy; cultural adaptation and organizational behavior in the global firm. The discussion of ethical values and issues in global management will also be included in this course as well as in the other courses.

**PLEASE NOTE: IBI IS AN ACADEMIC PROGRAM AND NOT A TOUR OR A TRIP.** Academic work is continuous throughout the program, but an effort is made to include cultural, scenic, and historic points of interest and a limited amount of free time is also allotted for students to pursue their own interests. Some of the highlights for the IBI 2017 program are identified in the table below.

**2017 PRELIMINARY CALENDAR AND FIELD SEMINAR ITINERARY:** The schedule below and the related activities are tentative but consistent with prior years. Ongoing research is done which may bring to light other or additional opportunities we wish to take advantage of, requiring us to amend this itinerary. There may also be adjustments in this itinerary due to factors beyond our control. However, the academic coursework and integrity of the program will be maintained. The detailed bulletin and 2017 calendar will be available in March with more definitive information.

Month	Region	Locations	Continuous Activities	Example Experiences
May	Baltic and Russia	- Vilnius, Lithuania - Klaipeda, Lithuania - Riga, Latvia - Moscow, Russia	- orientation, classes, corporate visits, cultural & historic tours	- Stay at LCC International University, the largest Christian University in Eastern Europe. - Overnight sleeper train from Riga, Latvia to Moscow, Russia - Guided visits to Red Square, the Kremlin, Lenin’s Tomb, and other points of interest.
June	Europe	- Frankfurt, Germany - Heidelberg, Germany - Vienna, Austria - Milan, Italy - Geneva, Switzerland - Zurich, Switzerland - Paris, France - London, England	- orientation, classes, corporate visits, cultural & historic tours	- Tour historic castle(s) - Visit a Nazi concentration camp - Day trip to Mt. Blanc at Chamonix, France - Visit historic palace of Versailles - Travel to London by sea on overnight cruise - Major points of interest in London
June July	India	- Mumbai or Chennai - Agra - Delhi	- orientation, classes, corporate visits, cultural & historic tours	- Executives in business and ministry networking event - Selection of story trail walking tours - Immersion retail outing - Visit the Taj Mahal - Major points of interest
July	China	- Shanghai - Beijing - Shenzhen or Dalian	- orientation, classes, corporate visits, cultural & historic tours	- Executives in business and ministry networking event - Tour the Forbidden City - Visit the National Museum - Day trip to Great Wall - Tiananmen Square

**NOTE:** An effort will be made to attend church services on Sundays. All scheduled activities are mandatory.

**ARRANGEMENTS AND ACCOMMODATIONS:** Transportation will include planes, a train, a ship and chartered coach. The program accommodations are in university residences, tourist hotels, and similar facilities. Much of the time, the rooms will be on a double basis with a private shower or bath. There will be occasions when it may be necessary to assign triples or quads. Students will be expected to room with a variety of students from different schools on the program. **Flights are booked as a group tour package; no deviations may be accommodated with a group ticket; the arrangements do not permit persons to stay longer in China on the return OR to stop in our connecting city on the return. Anyone requesting a deviation must notify IBI at the time of acceptance; that person’s flights will not be booked as part of the group and the cost of an individual flight ticket will be an additional charge. The cost of traveling as an individual instead of as part of the group can be significantly higher.**

All meals will be provided for in the program, including occasional packed lunches or a meal allowance. Further details will be available in the Information Bulletin available in March.

**NOTE REGARDING VISAS:** The itinerary requires IBI to obtain Russian, Indian and Chinese visas. This necessitates that the applicant surrender his/her passport to IBI on January 15. Thus, applicants should be aware that, if accepted, they will not be able to be outside the U.S. during the period IBI needs their passport. This will interfere with travel and study abroad plans for spring of 2017. **In addition, non-U.S. passport holders are responsible for applying and paying for any visas they may need for the European portion of the program with the assistance of their home institutions. There is a timeline that must be followed in order to obtain all of the necessary visas. IBI will provide you with this timeline.**

**PROGRAM COST AND PAYMENT ARRANGEMENTS:** The total program fee for IBI 2017 is projected at \$20,830. This is intended to be as comprehensive as possible and includes 12 semester hours of academic credit; all room and board; trans-Atlantic, intra-European and Asian airfares; (Note: Students are responsible for their transportation to and from the IBI gateway, JFK-New York) all scheduled coach, rail and sea transport; Russian, Indian and Chinese visas; academic materials; and all admissions and excursions on the program schedule. Students will be required to purchase their own textbooks. We suggest

they do this online as soon as we inform them of the book selections for 2017. **Financial aid is not available from IBI but students should consult with their advisor and financial aid office on campus for possible sources of financial assistance and the IBI website for funding suggestions. Credit Cards will not be accepted.**

Because of the uncertainty of exchange rates and other related expenses, there may have to be an adjustment in the total fee. In order to apply for a place in the program, a deposit of intent of \$1,000.00 must be submitted with the application form. This deposit will be refunded if the student is not admitted to the program or if the withdrawal is prior to January 13, 2017. The payment schedule is as follows: February 1 - \$6,500; March 1 - \$6,500; April 1 - \$6,830.

**ADMISSION PROCEDURE:**

For admission materials, please see the IBI advisor on your campus or the IBI website at [www.ibi-program.org](http://www.ibi-program.org) or contact: Administrative Assistant, International Business Institute, One College Avenue, Suite 3042, Mechanicsburg, PA 17055. Phone: (717) 796-5364 and email: [internationalbusinessinstitute@messiah.edu](mailto:internationalbusinessinstitute@messiah.edu).

**NOTE: IBI participants must have a valid passport that does not expire in 2017. Applicants lacking a current passport should apply for one ASAP.**

**Appendix B**

Student Course Evaluation Comments, Comparative Economic Systems, IBI 2015

Best class because I think I learned the most. Interesting to learn history and economics while being in the countries. Articles and reports were interesting but some readings were not.
Great professor. Commanding Heights was great.
This was the best course on the program. It was really neat to learn about the economic history of the various European countries we visited, while also being able to see the consequences/positives of the respective country's economic policies.
Great class and professor. Would prefer to finish the course without the break, but it works.
Make course readings either more relevant or less in quantity. Felt unfair to pay for 4 meals in London when the readings were barely used. Dr. xxxx was excellent. Great professor, genuinely cared. Dr. xxxx as well but obviously didn't know him as well as Dr. xxxx.
Best 2 professors!
I feel like there were a lot of readings that we paid for that we didn't cover/need for class.
I really enjoyed CES! Part 1 with Dr. xxxx was especially good. The material was both broad & deep. I learned a ton. Course pack was not completely necessary. Wish I would have had a choice in purchasing the materials. Overall the best and most educational class on the program.
I really enjoyed the Commanding Heights series.
Fantastic, intelligent professor. Great course materials.
Loved this course. Favorite of the program. Last part was a bit fast, but fine and glad it was done.
I appreciated the material covered and was glad we studied the locations that we were in for the most part. I loved Dr. xxxx outside of the class but did not do well with his teaching style which I felt was very broad information for the amount of slides.
Great course. Tremendous professors who tested fairly and encouraged participation and engagement. I like the depth we achieved for each economy we looked at. My favorite course on IBI.
xxxx- really good professor. The second test was really hard. Some material I don't remember being covered in class but lectures were interesting and relevant. A lot of work load.
I really like Dr. xxxx teaching style and how he was very available if we ever had questions.
This was the class I learned the most in- at least in the first part- Dr. xxxx was the best. I loved and appreciated how he gave 200%. He really gave students everything he had and worked extra. He is awesome.
Great class! Dr. xxxx is an amazing professor! Great teaching style, great person, definitely learned a lot. However, his exams were a little difficult but still good because it provided a challenge.
Excellent faculty- knowledgeable, clearly answers questions, passionate about the material, straightforward & fair tests, informative and interesting classes.

Excellent faculty; however, the concepts were not clearly explained and projects were not well-constructed due to the largeness of the groups we were divided into.
xxxx and xxxx are both quality professors.
Favorite course, material and teacher. Should remain first course of program. Nothing I would change.
Loved the course during Europe portion. Dr. xxxx is an amazing professor who is truly an expert in the field.
Everything was really relevant to the countries we were in, which was good to be able to see and make that connection.
Great Professors. Material was manageable. Wish it would be finished in Europe but I understand why it is not.
CES was a great class, especially to start the program. It was captivating to learn about countries that we were physically in. Both Dr. xxxx & Dr. xxxx were good professors, and did a good job at relating to us outside of class. I enjoyed the different texts and seeing different perspectives from different authors. I would suggest keeping structure/texts/assignments/etc. the same for coming years.

Appendix C

CES 331  
P. Koch

IBI  
Summer 2016

## Assignment #1 – The Russian economy, 25 years on

This assignment is based on the research paper, “Russia’s Downfall: The Worst Economic Crisis Since the Collapse of the USSR,” by Vladimir Milov. This paper can be found on the Website of the Wilfried Martens Centre for European Studies, which is the official public policy research organization, or “think tank,” of the European People’s Party (EPP). The EPP, which represents the various Christian Democratic parties across the European Union, is the largest single party, in terms of representation, in the European Parliament. A link to this paper has been established within our course page in the Canvas course management system, and you can also access it directly at <http://www.martenscentre.eu/publications/russias-downfall-worst-economic-crisis-collapse-ussr>

Once you have read this article, please write a relatively short essay, with a *maximum* length of three pages (double-spaced), which addresses the following questions:

Which of the following elements identified by Mr. Milov – the impact of Western sanctions, the depreciation in the exchange value of the Russian ruble, a decline of investment and an increase in taxes, and the inefficiencies of a state-led economic model – do you believe is the *most* important single factor that is contributing to Russia’s current economic situation? Please explain the reasoning behind your answer. As a part of your answer, please comment on any potential linkages between these factors.

Why does Mr. Milov describe the prospect of an expansionary monetary policy, similar to what has been done in recent years by central banks in the United States and Europe, to be a “temptation” for the Russian Central Bank?

What are the implications for the West, especially Europe, of Russia’s current economic difficulties?

This essay will be due on Thursday, June 2<sup>nd</sup>, which will be the date of our first class session in Heidelberg, Germany. This will allow you to incorporate your observations from our time in Russia into this document. You should be advised, however, that the amount of time that you will have to work on this assignment in Russia will probably be quite limited in nature. You may submit your assignment via e-mail to [pkoch@olivet.edu](mailto:pkoch@olivet.edu), or by uploading it within the Canvas course management system.

You might also find the following quote to be helpful as you think about these questions:

“Authoritarian governments everywhere have learned to compete internationally by embracing market-driven capitalism. But if they leave it entirely to market forces to decide winners and losers from economic growth, they risk enabling those who might use that wealth to challenge their political power. Certain that command economies are doomed to fail but fearful that truly free markets will spin beyond their control, authoritarians have invented something new: state capitalism. In this system, governments use various kinds of state-owned companies to manage the exploitation of resources that they consider the state’s crown jewels and to create and maintain large numbers of jobs. They use select privately owned companies to dominate certain economic sectors. They use so-called sovereign wealth funds to invest their extra cash in ways that maximize the state’s profits. In all three cases, the state is using markets to create wealth that can be directed as political officials see fit. And in all three cases, the ultimate motive is not economic (maximizing growth) but *political* (maximizing the state’s power and the leadership’s chances of survival). This is a form of capitalism but one in which the state acts as the dominant economic player and uses markets primarily for political gain.” - Ian Bremmer, [The End of the Free Market: Who Wins the War Between States and Corporations?](#) New York: Penguin Books, 2010, p. 4.

Appendix D

CES 331  
P. Koch

IBI  
Summer, 2016

Assignment #2 – The United Kingdom and the European Union: Should I Stay or Should I Go?  
(with apologies to The Clash)

On June 23<sup>rd</sup>, the citizens of the United Kingdom will have the opportunity to vote on the following question, in a public referendum:

Should the United Kingdom remain a member of the European Union?

You have received three separate readings on the “Brexit” (a potential British exit from the European Union) issue, and we will also be addressing this subject in class. Based on this work, as well as your own reflections, please write a relatively short essay, with a *maximum* length of three pages (double-spaced), which addresses the following questions:

In your judgment, what is the most powerful argument *in support* of the “Brexit” position in the upcoming referendum? Please explain the reasoning behind your answer.

In your judgment, what is the most powerful argument *in opposition* to the “Brexit” position in the upcoming referendum? Please explain the reasoning behind your answer.

In your judgment, why are different commentators, who are equally committed to a “classical liberal” (free-market) approach to economic policy and institutions, divided on the question of whether or not Britain should remain in the EU?

This essay will be due on Monday, June 6<sup>th</sup>, which will be the date that I leave for home from Heidelberg, Germany. You may submit your assignment via e-mail to [pkoch@olivet.edu](mailto:pkoch@olivet.edu), or by uploading it within the Canvas course management system.

### References

“League of nationalists.” The Economist, November 19, 2016, pp. 51-54.

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