

Comments From the Editor

The events of September 11, 2001, have left me, like others, in a state of shock. I share with all my colleagues a great sense of sadness and loss and, yet, hope that somehow the world will be a better place, in spite of, or because of, the very tragic series of events. I remember with great affection the wonderful life-size, and incredibly life-like bronze statues on the plaza of the World Trade Center. These statues portrayed ordinary people, in every day activities. The events of September 11 have reminded us to pay attention to the ordinary people in our lives, every day, everywhere.

*Our objective for **Insights** - to provide global insights - is even more important and relevant now.*

It is a pleasure to present the second issue of **Insights**. We hope that readers will find it as interesting and useful as the first issue. We have been delighted with the response to the first issue - many nice comments, people asking to use the material in their classes, and requests to reprint the articles. This suggests that **Insights** is providing a valuable service for AIB members. To continue to provide this service, we need your input – suggestions for themes or features, as well as articles, comments on articles, teaching tools, blunders, reprints of speeches any material that you think would offer ‘insights’ to colleagues.

The current issue of **Insights** is similar in format to the first. Once again there are two featured articles, some blunders, and information for use in the classroom. We expect to follow this format for many issues, but we also aim to be flexible in format – some issues may concentrate on a particular theme or a particular location, some may be devoted to teaching, others to research, and so on. **Insights** is an evolving publication, intended to provide an array of material that readers will find insightful.

The format is similar but the content is quite different. The first issue had an article and a reaction to the article. This issue has two articles that address very dissimilar topics. The first issue had an exercise for classroom use, this issue has tips for using a particular classroom technique. This first issue had two recent blunders, and fortunately, this issue has two more.

The two articles in this issue of **Insights** illustrate the array of material that is appropriate for this publication. I liked both articles, but for very different reasons.

The first article, by Nancy Adler, is entitled "Global Leadership: Giving Oneself to Things Far Greater than Oneself". This article is written from a perspective that provides insights into Professor Adler's personal thinking. It also provides important insights into the nature of leadership in today's world. I found the article both touching and thought-provoking, and, like all of Professor Adler's work, eminently well written.

The second article, by Sam Antrobus, is entitled "Arguments For and Against a Monetary Union for North America". This article is a practical discussion of the pros and cons of a monetary union, largely from the Canadian perspective. I found the article particularly useful in preparing for

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Comments and suggestions should be sent to the Editor

Please send articles and classroom material to the Editor for consideration for upcoming Insights - consider reprints of speeches you have made

Readers are encouraged to submit comments, for possible inclusion in future Insights

Please contact the Editor with suggestions

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a class discussion on 'dolarization' – a topic of growing interest in the Caribbean and Latin America. As well as the two articles, this issue includes a discussion on Using Video Clips in the Classroom, provided by Allan Bird, and two blunders from David Ricks.. Allan is well-versed in the use of innovative classroom approaches, and his advice is valuable for all of us who want to increase our effectiveness in the classroom. David's blunders, as always, amuse while providing valuable lessons.

Insights is meant to be a flexible publication - we welcome submissions on a wide variety of topics, from contributors anywhere in the world, in any discipline – so long as the material offers insights for people involved in International Business. Submissions and suggestions have come from the Canada, the Caribbean, England, India, New Zealand, and the USA – and we hope soon to boast of contributions from all parts of the world. We have been fortunate that leading scholars in the international business field have contributed to the first issues of *Insights*, but we have also had contributions and suggestions from students and practitioners, and a variety of academics, at all career stages. We hope that all readers will offer contributions or suggestions, and look forward to hearing from you.

Submission Information

- Submissions to *Insights* can be sent at any time to the Editor.

- Submissions may be electronic, by fax, or by mail. *Electronic submissions are preferred.*

- Submissions will be reviewed by the Editor to ensure material is appropriate for *Insights*, then the advisory board will comment on submissions.

- For consideration for specific editions, submissions must reach the editor by the following dates:

1st Quarter:	December 15
2nd Quarter:	March 15
3rd Quarter:	June 15
4th Quarter:	September 15

- Articles should be approximately 2-3 printed pages.

- Exercises, simulations, and other material should include all the information needed for use in the classroom. Material submitted should not contravene any copyrights.

- Blunders should be based on real-world events and should be new - ie, not previously published, or disseminated in

other media.

We look forward to your comments and submissions.

Thanks to the AIB Board for this initiative. Thanks to Laurel King for her support and suggestions. Thanks to the Advisory Board members for their assistance in preparing this issue of AIB Insights.

BJ

FAQs

The most frequently asked questions relate to the length and format for submissions to Insights. We do not have strict guidelines for submissions. We encourage you to send material in the format that you believe will provide the best insights. If we want to include the material, we may then ask you to make changes to suit a particular issue. We do have general guidelines:

- *submissions should be short (usually about two printed pages, although there will be both longer and shorter pieces), and*
- *they should be "insightful" (providing knowledge obtained by mental penetration - Oxford), and can be provocative (inviting a reaction, stimulating a response – Mirriam-Webster)*
- *necessary references should be provided as end notes*

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Leading Globally: Giving Oneself for Things Far Greater Than Oneself

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*To be human is to give yourself for things far greater than yourself;
To lead is to give yourself for things far greater than yourself.¹*

When I was 11 years old, my Austrian mother explained to me that when she was my age she had wanted to have at least 6 children. Yet by the time she met my American father, just 8 years later, she no longer wanted any children. Losing most of her friends and family during World War II to Hitler's terror had convinced her that the world was not a fit place to raise children. Luckily, especially from my perspective, my father convinced my mother that within the family the two of them could create a bubble of love, and within that bubble their children could grow up in safety and happiness, protected from the inhumanity raging outside. Having grown up within the bubble of their love, and in sunny southern California rather than war torn Europe, I never doubted that our role on earth, as human beings and as leaders, was to expand the bubble to encompass the world: or as the rabbis would exhort us, to return to our original task of Tikun Olam, the restoration of the

world.

Of course, none of us can claim that the twenty-first century entered on a safe, secure, or loving note—a note imbued with peace, wisdom, compassion, and love. As we ask ourselves which of our twentieth-century legacies we wish to pass on to the children of the twenty-first century, we are humbled into shameful silence. Yes, we have advanced science, technology, and commerce, but at the price of a world torn asunder by a polluted environment, cities infested with social chaos and physical decay, an increasingly skewed income distribution that condemns large portions of the population to poverty (including people living in the world's most affluent societies), and rampant physical violence continuing to kill people in titulary limited wars and seemingly random acts of violence. No, we did not exit the twentieth century with pride. Unless we collectively learn to treat each other and our planet in a more civilized way,

it may soon become blasphemous to even consider ourselves a civilization.²

And yet why not a more peaceful, sustainable, and compassionate society in the twenty-first century? Why not a global civilization that we could bequeath with pride to our children and our children's children? Naively idealistic? Perhaps; but only if we ignore the wisdom and approaches to learning of Adam Kahane and like-minded colleagues around the world—people who have dared to attempt to make a difference. Only if we renege on our role as leaders and simply adapt to the future, rather than collectively attempting to improve it. As former U.S. Secretary of State Madeleine Albright admonishes us, "We have a responsibility in our time, as others have had in theirs, not to be prisoners of history, but to shape history...."³

After a quarter century of conducting research and consulting on global strategy and cross-cultural management, I have increasingly focused the

last few years on the small, but rapidly increasing number of women who are among the world's most prominent business and political leaders—women who have served as their country's president or prime minister or as CEO of a major global firm.⁴ Perhaps it is not surprising that at this moment in history, countries around the world, most for the first time, are turning to women leaders rather than to the traditional cohort of men. People want a change; they no longer want the narrow, circumscribed leadership of the twentieth century nor its outcomes. They hope and imagine that women will bring a more inclusive and compassionate approach to leadership.

In Nicaragua, for example, former president Violetta Chamorro's ability to bring all the members of her family together every week for Sunday dinner achieved near legendary status. Symbolically, her dinners gave the nation hope that it could heal its civil-war-inflicted wounds and find a peace that would reunite all Nicaraguans.⁵ Why such elevated hopes from a Sunday night dinner? Because of Chamorro's four adult children, two were prominent Sandanistas while the other two equally prominently opposed the Sandanistas, not an unusual split in war torn Nicaragua.⁶ As Violetta Chamorro's children told their stories around her dining room table, others in the country began to believe that they too could "reach a deeper, more real consensus—including around such profoundly important issues as unity and peace—through the telling of their personal stories."⁷ Implicitly, the Nicaraguans believed that by listening attentively to each other, with empathy, they could hear the sacred within each person, their core humanity and that of the nation.⁸ It is not coincidence that the symbol of hope, peace and unity was a dining room table and not a board room table.⁹ Such holographic listening, as Adam Kahane labels it—in which each story reflects the whole,

rather than merely contributing a piece to the puzzle—opens up the possibility of communion and oneness, of transcending history to create a new future: "We have the greatest capacity to make a difference when we dare to open ourselves up, to expose our most honest nightmares and our most heart-felt dreams."¹⁰

As a social thinker, Adam Kahane points out that leaders who make a difference are extraordinarily committed, body and soul, to the changes they want to see in the world, to goals much larger than themselves.¹¹ The lives of many of the world's first women leaders mirror commitments much larger than themselves. For example, in her personal commitment, Chandrika Kumaratunga, the president of war torn Sri Lanka, became a prism for the paradoxes of extraordinary leadership. When she was only eleven years old, her father, who was the country's founding father and its first prime minister, was assassinated, many believe due to his policies which advantaged the Sinhalese and stripped the Tamil of many of their cultural rights. Her mother, who also served as prime minister, furthered the country's ethnically divisive policies. As an adult, Kumaratunga's husband, a politically involved citizen and noted actor, was murdered, in what many believe to have been Tamil-initiated violence. With the constant and very real threat of death to her and to her children, why did Kumaratunga choose to stay in Sri Lanka and to run for office? And once she won, how did she find the courage to tell her mother—whom she later appointed to serve as prime minister—and the country that she was going to attempt to find a peaceful solution to Sri Lanka's seemingly interminable civil war by sitting down with the Tamil and listening to their story. Kumaratunga, with both her father and husband murdered, chose to go outside the patterns of history and say, "Enough! There has to be a better

way." Her attempts at moving Sri Lanka toward peace and unity have by no means met with unequivocal success. Yet Kumaratunga persists, even in the face of constant death threats and a bomb explosion that already claimed one of her eyes. Kahane reminds us that leaders who influence history do so because they live the paradox.¹² They have the courage to commit their lives to effecting the changes they want to see.¹³ At the same time, they have the courage to engage with others—even their enemies; the courage to give up the illusion of being in control, to venture beyond detachment, and to surrender to the process.¹⁴ Will Kumaratunga be able to stay committed to changing her country while remaining open to listening to how each faction wants to change? Will she be able to maintain the paradox? To paraphrase Martin Buber,¹⁵

Does Kumaratunga believe in destiny and also that destiny needs her; that destiny does not lead her, but rather waits for her. Can she proceed toward her country's and her own destiny without knowing where it waits for her? Will she be able to continue going forth with her whole being? Destiny will not turn out the way her resolve intended it; but what she wants will come about only if she resolves to do that which she can. Will she be able neither to interfere nor to merely allow things to happen?

While the answer will only be written in the months and years ahead, we know that Kumaratunga has demonstrated enormous courage to date to begin the journey. The challenge of leadership is in the openness to destiny and the complete commitment to change for the better; not in simplistic short term evaluations of success and failure.

This past year, my Jewish nephew Aaron married a deeply religious Catholic woman Karen. Although told that their wedding ceremony and life

together would be rooted in the two spiritual traditions, both families questioned the reality of the young couple's pronouncement when the invitations arrived announcing that the wedding would be celebrated at Holy Family Catholic Church with a Catholic priest, and no rabbi, presiding. Only as the priest opened the service in Hebrew with a traditional Jewish prayer did the tension begin to reside. In one of the most moving and profoundly meaningful wedding ceremonies I have ever attended, the priest celebrated Aaron and Karen's unique individuality, including their two distinctly different spiritual traditions. He made no attempt to minimize or ignore the differences between Judaism and Christianity. After the bride and groom had exchanged vows, the priest reminded us of the hatred that has all too frequently separated Jewish and Catholic communities. He then asked each of us to see Karen and Aaron as symbolic of the love that could unite the two traditions, the love that could replace the all too common hatred. What more powerful symbol of global leadership: love replacing hate, love bridging distinct individuality, love uniting bride and groom on their wedding day, love respecting and bridging differences among all peoples at all times.

Our capacity to see and to change the world co-evolves with our capacity to see and to change ourselves.¹⁶ As the marriage ceremony changed Aaron and Karen into husband and wife, so too did it change all of us into people who more deeply understand what it means to unify diversity without extinguishing individuality. As leaders, we

can never close our eyes to the complexity of the world or to the profoundly influential interactions that define society. Goethe's admonishes us that leaders know themselves only to the extent that they know the world; that they become aware of themselves only within the world, and aware of the world only within themselves.¹⁷

To be human is to find ourselves
behind our names.¹⁸
To lead is to find ourselves behind our
names.

Endnotes

- ¹ First half of the quote is taken from Sister Joan Chittister, in Frederick Franck, Janis Roze, and Richard Connolly's (eds.) *What Does It Mean To Be Human?* Nyack, New York: Circumstantial Productions, 1998, p. 194.
- ² Based on Stephan Rechtschaffen's observation in *Timeshifting*. New York: Bantam Doubleday Dell Audio Publishing, 1996.
- ³ From former U.S. Secretary of State Madeleine K. Albright's Harvard Commencement Address as reported in the *New York Times*, June 6th, 1997, p. A8.
- ⁴ For a more in depth discussion of women serving as global leaders, see Adler's "Did You Hear? Global Leadership in Charity's World," *Journal of Management Inquiry*, Vol. 7 (No. 2), 1998, pp. 135-143; "Global Leaders: A Dialogue with Future History," *International Management*, Vol. 1 (No. 2), 1997, pp. 21-33; "Global Entrepreneurs: Women, Myths, and History," *Global Focus*, Vol.11 (No. 4), 1999, pp. 125-134; "The Women's

Global Leadership Forum: Enhancing One Company's Leadership Capacity," *Human Resource Management*, Vol. 39 (Nos. 2 & 3), 2000, pp. 209-225.

- ⁵ See Michelle A. Saint-Germain's "Women in Power in Nicaragua: Myth and Reality" in Michael A. Genovese (ed.), *Women as National Leaders*. Newbury Park, California: Sage, 1993, p. 80.
- ⁶ *Ibid.*
- ⁷ Kahane, *op. cit.*
- ⁸ Paraphrased from Kahane, *op. cit.*, and applied to the situation in Nicaragua.
- ⁹ Artist Jacqueline Hassink created a series of photo essays on the tables of power (board room tables) and tables of relationship (dining room tables) of both male and female CEOs worldwide. See Hassink's *The Table of Power*. Amsterdam: Menno van de Koppel, 1996 and her *Queen Bees: Female Power Stations*. Amsterdam: Menno van de Koppel, 1999.
- ¹⁰ Kahane, *op. cit.*
- ¹¹ *Ibid*
- ¹² *Ibid*
- ¹³ *Ibid*
- ¹⁴ *Ibid*
- ¹⁵ Paraphrased from Martin I Buber's *I and Thou*. New York: Touchstone Books, 1970.
- ¹⁶ Kahane, *op. cit.*
- ¹⁷ Paraphrased from J.W. von Goethe, *Goethe's Scientific Studies*. Translated by D. Miller. Edited by A. P. Cottrell and D. Miller. Boston, MA: Suhkamp Insel, 1985; as cited in Kahane, *op. cit.*
- ¹⁸ First half of quote from David Krieger in Frederick Franck, Janis Roze, and Richard Connolly's (eds.) *What Does It Mean To Be Human?* Nyack, New York: Circumstantial Productions, 1998, p. 273.



Arguments For and Against a Monetary Union for North America

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Exchange rate regimes are in the news following the economic difficulties experienced in Argentina and Turkey, and the continuing drama of the Euro. The prospect of expansion of the European Union into Central and Eastern Europe and a potential recession in Europe, provide the first real tests of the currency, and may expose some of the weaknesses of the union. The choice between fixed or floating exchange rate regimes has been the source of debate for many years, with many high profile collapses of pegged exchange systems such as Britain's exit from the European Exchange Rate Mechanism (ERM) in 1992 and the South-East Asian crisis in 1997. However, there are also many success stories where fixed exchange rates have brought calm and stability to economies.

Countries can adopt a number of exchange rate regimes ranging from free floating to monetary union, with managed float, currency peg and the adoption of the currency of another nation (most commonly 'dollarization' or 'euroization') between the two extremes. However, as Crowⁱ comments, a "pegged regime invites attack and is demonstrably brittle under pressure." Likewise, even before the Asian crisis, Eichengreen,ⁱⁱ a senior policy adviser at the IMF, had concluded that pegged exchange rates were anachronistic, and that the two extremes of currency union and floating exchange

rates were the only viable options. The perceived stability and prosperity that fixed rates bring, combined with the obvious dangers of less stable regimes have led to increased enthusiasm for monetary unions and dollarization, with discussion in countries as diverse as Australiaⁱⁱⁱ, Mexico, South Korea^{iv} and Canada.

This paper focuses on the NAFTA region, and in particular the point-of-view of Canada, exploring the debate surrounding the possibility of a North American Monetary Union (using a currency called the Amero), and considering the costs and benefits of such a union for Canada. In order to highlight the key issues, themes are drawn from two prominent articles on the topic.^v In recent years a combination of three factors has led to increasing interest in this topic, and made this a relevant issue for further study. Firstly, the Canadian dollar has continued its decline relative to the US dollar, falling by approximately 36% from parity in the 1970s. This has led to a relative decline in the living standards of Canadians when compared to their neighbours in the USA, adding an additional stimulus for talented Canadians to head south of the border.^{vi} Many economists also argue that the decline in the Canadian dollar is one of the causes of lower productivity levels in Canada, as it provides protection against international competition, thus masking the need for investment and

improved productivity.^{vii}

A second factor is the successful implementation of the Canada-US Free Trade Agreement (CUSFTA) in 1989 and the North American Free Trade Agreement (NAFTA) in 1994. Early studies, including that by Krueger,^{viii} indicate that levels of trade between the signatories have increased since the agreements came into force. Finally, and probably most importantly, the introduction of a single currency unit amongst eleven nations in Europe in 1999 has sparked debate about similar arrangements elsewhere in the world. Courchene and Harris^{ix} go as far as to describe the advent of the Euro as "a watershed in the annals of economic and monetary history".

Arguments for Monetary Union

- Grubel^x emphasises the static and dynamic efficiency gains realised by adopting a single currency across the region. The most obvious is the reduction in transaction costs from eliminating currency exchanges in cross-border trade and investment. There is also reduced uncertainty for businesses, with more stable cash flows allowing more accurate budgeting and more efficient use of resources. It is difficult to quantify the actual cost savings from a currency union but clearly they would be substantial, given the significant levels of trade between the US, Canada and Mexico. Linked to this are dynamic gains from the expansion of

trade between the nations because the monetary union lowers the costs of doing business between the nations involved.

- A further efficiency gain results from the reduction in Canadian interest rates. Canadian long-term government bonds have historically been priced at a premium over those of the US government. This premium resulted from the expectation of Canadian dollar depreciation, the exchange risk associated with the fluctuation of the exchange rate, and the expectation of higher inflation rates in Canada. Over the 50 years to 1999, the premium averaged 117 basis points (bp), reaching highs of 350bp in the early 1980s. Grubel argues that a currency union would eliminate the currency risk and expectations of higher inflation in Canada, leading to the removal of much of this premium. A reduction of 100bp in the cost of debt would result in an annual cost saving of approximately \$6 billion for Canada's federal government, with corresponding savings for provincial governments, agencies and corporations with fixed interest borrowings. The lower cost of borrowing would also lead to a greater level of investment by industry and subsequent productivity gains, as well as a lower cost of housing increasing the standard of living.
- Grubel also argues that a monetary union leads to greater price stability because price stability is a function of the size and diversity of a currency area, and the probability of opposite

and offsetting price developments across industries is increased. While no attempt is made to quantify this saving, there seems to be some merit to this argument, particularly from the Canadian point of view, as Canada remains heavily reliant on the extraction and processing of natural resources.^{xi} In addition to price stability, greater price transparency leads to a levelling of prices across the currency union, as the burden of cross-currency price comparisons and cost of non-domestic currency transactions are removed. The benefits of this to the consumer are clear.

- Grubel argues forcefully that monetary union would also benefit Canada by imposing increased discipline on its labour markets, which at present have unionisation levels of 35%, significantly higher than those of the US. Grubel presents evidence that the declining value of the Canadian dollar has created artificially high profits for Canadian firms. This has led to successful lobbying for wage increases from unionised workers, which have inevitably spread through the rest of the economy, leading to a cycle of inflation, as increasing labour costs push the price of goods higher. A monetary union would have the effect of removing this currency depreciation, and as a result would reduce the power of the labour markets to negotiate higher wages, thus helping Canadian firms to improve their efficiency.

Arguments against Monetary Union

- The Canadian and US economies are highly integrated, with 80% of Canadian exports destined for the US market, nevertheless, Murray^{xii} argues that the different structures of the US and Canadian economies provide a strong case for monetary policy independence – an example is the importance of commodity prices to Canada, where commodities account for over 10% of Canadian GDP and 35% of its merchandise exports. Consequently, the US and Canada experience differing economic reactions to commodity price shocks (as demonstrated in figure A below^{xiii}).
- Murray also questions the extent to which Canada would be able to influence monetary policy within a union, commenting that "it is unrealistic to think that Canadians would ever have anything more than a token voice," due to the significant disparity in the sizes of the two economies, and the fact that Canada clearly has a lot more to benefit from such a union than the US. The combination of these two factors means that the US is unlikely to make substantial concessions on its role in setting monetary policy within its own borders, and consequently within the union.
- Murray advocates flexible exchange rates because of the benefits derived from controlling monetary policy. This argument is supported by recent developments in the Eurozone,

Figure A

Measure	Canada	USA
Absolute terms of trade correlation with oil price	0.85	-0.89
Absolute terms of trade correlation with non-oil commodity price	0.87	-0.92

The data show that for Canada, the terms of trade (the relationship between the prices at which a country sells its exports and the prices paid for its imports) are positively correlated to the price of commodities, whereas for the USA the correlation is negative. Movements in the relative terms of trade between the two nations will be exaggerated by movements in the absolute terms of trade. This leads to the conclusion that different monetary policies would be required in each nation following a commodity price shock. Thus, a currency union would be unworkable, due to the common monetary policy that such a union requires.

where there are concerns that the European Central Bank's discount rate may be out of step with the economy of one of the key constituents of the monetary union. Germany, the largest of the Eurozone economies, appears to be in the midst of a slowdown that requires lower interest rates to kick-start a recovery. It is estimated that the ECB rate may be at least 50bp above the optimum interest rate for Germany. As long as the German economy continues to grow at a slower rate than the rest of the Eurozone, this gap will become more exaggerated. The Economist^{xiv} posed the question "How long before the Germans start yearning for a central bank of their own?"

- Murray also believes that floating rates provide a buffer in the event of an asymmetric economic shock. In the short-term, movements in the nominal exchange rate can offset the effects of a shock, and help to ease the transition to a new equilibrium if the shock is enduring. This may be of increasingly limited value, because, since the implementation of the FTA, only one of Canada's five fastest growing export sectors has been commodity based. Four of the five sectors that experienced fastest contraction were commodities, indicating a reducing dependence on commodities.

Some Conclusions and Thoughts on Needed Research

Grubel argues effectively in favour of a currency union on the basis of efficiency gains, and supports his arguments with econometric data as well as evidence from studies on the expected benefits of the Euro. The study is limited, however, in its examination of the costs of the union. A brief examination is made of the impact of the loss of economic, political and economic sovereignty on Canada, only a weak case is made for why the USA would want to join such a union - that it is in the interests of the US to have strong and stable neighbours, and that a North American Monetary Union would

reduce the threat from the Euro to the supremacy of the US dollar (with hindsight we see that this was over emphasised - the Euro has dropped by over 20% against the US dollar since its launch, greatly reducing the extent to which it may be a substitute for the US currency, and the US dollar's strength in the face of recent drops in the value of the NASDAQ and Dow Jones, and cuts in the Federal Reserve discount rate, confirms its current position as the predominant world currency).

On balance, while the literature advocating the introduction of the monetary union is compelling from an economic point-of-view, doubts remain about the validity of common fiscal policy across multiple economies. A further issue is why the USA should choose to join a union. Equally, it is unclear whether there would be the political will within the Canadian government, and support from the electorate, to push through such a proposal. As one advisor to Prime Minister Chretien notes, dollarization remains 'completely taboo in respectable Canadian society.'^{xv}

Pressure for a monetary union is greater from Mexico than it is in Canada, with the head of the Mexican Bankers Association calling for monetary union, and a prominent business organisation calling for dollarization. Clearly Mexico has much to gain from closer ties with the USA, and a stable currency can only serve to increase the attractiveness of Mexico as a source of foreign direct investment for firms wishing to find a base within the NAFTA area. This is something that Canada must bear in mind, as to some extent Mexico's gain in attracting inward investment may be Canada's loss. If Mexico were to pursue either dollarization or a monetary union with the USA, the pressure on Canada to do likewise would increase.

The adoption of a system of pegged exchange rates may provide the benefits of the monetary union

without the long-term political and economic integration that a union would require, while possibly providing a stepping stone towards a union. Hanke and Schuler^{xvi} conclude that the currency-board system offers a "means to establish sound money" in the Americas, and would provide a base from which to evolve to a common currency. However, with the recent developments in Germany highlighted earlier, and the looming worldwide recession, North America may be well served to wait to see what develops in the next few years before committing itself to anything. When the time does come to act, it seems that the benefits of monetary union or dollarization for Canada and Mexico are clear, and the costs to the US are limited. This opportunity to strengthen the bond between the NAFTA partners should certainly be considered. More research is needed however.

It is useful to remember the story of the two economists stranded on a desert island with nothing to eat but sealed tins of food, and no means of opening them. One turns to the other and says, "if we assume that we have a tin opener..." Academics addressing the question of monetary union need to bring a level of reality to their studies. A key question to address is whether there is a significant body of support for monetary union within both Canada and the USA. It is also important to detail the benefits that would accrue to the two countries, as identifying and quantifying these will be vital if the idea is to be sold to the governments and their electorates. Monetary union in North America highlights many of the problems associated with both fixed and floating exchange rates. The precedent of the Euro and the possible dollarization of Mexico adds a sense of urgency to the discussion, and should help to move the debate from being purely theoretic to being of real practical value to policymakers in the North American

region. Continued debate is needed, and the papers discussed have laid foundations on which further research and investigation can be based. It is likely that in the next few years econometric studies of the benefits of the Euro will emerge which will be applicable to the study of this area. Empirical research should be carried out to attempt to quantify the specific costs and benefits to all three members of NAFTA, resulting from the introduction of a monetary union. This could take the form of a scenario analysis incorporating differing values for the economic growth rates of each nation, commodity prices, intra-NAFTA trade levels, and so on.

Endnotes

ⁱ Crow, J., (1996). "The Floating Canadian Dollar in our Future" in Thomas J. Courchene (ed.) *Policy Frameworks for a Knowledge Economy*, Volume 4 in the Bell Canada Papers on Economic and Public Policy (Kingston: The John Deutsch Institute, Queen's University) 11-36.

ⁱⁱ Eichengreen, B., (1995). "International Monetary Arrangements for the 21st Century." The Brookings Institution: Washington, D.C..

ⁱⁱⁱ Ellis, E., (2001). "A Way to Stop the Aussie Dollar's Slide?" *Business Week*: April, 20 2001.

^{iv} Barro, R.J., (2001). "A 'Yankee Imperialist' Offers Asia a Road Map." *Business Week*: June 11, 2001.

^v Grubel, H.G., (1999). "The case for the Amero: the economics and politics of a North American Monetary Union." *Critical Issues Bulletin*. Fraser Institute: Vancouver. & Murray, J., (1999). "Why Canada needs a flexible exchange rate." Paper presented at the conference "*Should Canada and the United States adopt a common currency?*" Western Washington University, April 30, 1999.

^{vi} Harris, R.G., (2000). "The case for North American Monetary Union." *ISUMA* 1(1), Spring 2000.

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Blunders in International Business

International business people often encounter some interesting signs in their hotels while traveling overseas. Some of those recently reported follow (try to guess where they were found):

1. "Please leave your values at the front desk"
2. "Visitors are expected to complain at the office between the hours of 9 and 11 am daily"
3. "The flattening of underwear with pleasure of the job of the chambermaid"
4. "The lift is being fixed for the next day. During that time we regret that you will be unbearable"

Of course, people have poorly translated English into other languages as well.

"Violators will be fined" was translated into Spanish to say "Rapists will be deceased" (Phoenix)

The posters and printed advertisements to "Hear the concert of the year" were not very effective in the Spanish speaking community when it was incorrectly translated to say "Hear the concert of the anus" – what a difference one little mark over an "N" can make (also in Phoenix)



Thanks to David A. Ricks
(University of Missouri, St. Louis)
for sharing these

(Locations for above blunders: 1: Paris 2: Athens 3: Zagreb 4: Bucharest)

Using Video Clips in the Classroom

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We now work with students (be they undergraduates, graduates or executives) who were raised in the highly visual world of movies and television. In particular, television seems to have had a dramatic impact on students' classroom expectations in two ways. First, students expect to do more than read and listen. They are accustomed to taking things in visually as well as aurally, and at a fast pace. Lectures and even the now-popular Powerpoint presentations pale in comparison to the world of movies and television when it comes to communicating complex, multi-layered messages. Second, students have a shorter attention span. They can, but would prefer not to, sit for long periods of time listening, or even talking.

In response to these realities, I have sought ways to present concepts and models through the use of movies and television shows. Except for a few made-for-teaching

videos such as "Going International," few films or shows are worth spending an entire class session or two watching. Consequently, I have moved in the direction of using short segments, often 3 to 5 minutes in length to demonstrate specific concepts. Not only do students seem to enjoy the clips, but also from their comments and their performance on exams it also appears that they are learning more.

In three sections below I share some ideas that I have gleaned from readings, workshops and discussions with colleagues about how to use clips effectively. The first section addresses some of the mechanics of presenting the clips and incorporating them into your lesson plan. The second section provides some suggestions on how to locate new clips, something that is essential in order to keep material timely. The last section contains a list of films and television show episodes that I have found useful in my own teaching.

USING CLIPS SUCCESSFULLY

Based on my experience using clips in the classroom, I offer the following advice to make them a successful learning experience, for the lecturer and students.

1. Set the stage

- > **Make sure the tape is properly cued**
- > **Know the location of room lights and how they function** (Can they be dimmed? Can you leave some areas lit? Can you move to and from VCR and monitor controls when turning the lights on and off?)
- > **Check the sound levels** (Can the sound be heard clearly throughout the room? Does the sound come on immediately? Can the volume be adjusted easily during play?)
- > **Check sight lines** (Do all seats have a clear view of the monitor? Is the monitor sufficiently large to allow all seats to see on-screen details clearly?)

Thoughts:

- *Consider preparing a personalized checklist of what needs to be done to prepare the rooms where you teach. Doing so will avoid costly miscues and foul-ups which detract from the learning experience.*
- *Because you are working with a short segment, it is important that all set up be done in advance of the start of the session and that the transition into and out of the video segment be smooth and quick.*

2. Warm up the crowd

- > **Don't assume that students will be able to grasp the point** (explain why you are showing this clip; what students will learn, provide background regarding the clip and where it fits into the larger video from which it is drawn, indicate what students ought to look for or pay attention to)
- > **Draw connections to lectures prior to viewing** (note that the demonstration of a behavior or the consequence of some action will be contained in the clip, arouse interest and curiosity by mentioning that they will see a clip which drives the point home)
- > **Where appropriate, comment on the cinematography or the film itself** (the way in which a segment is shot may also contain important information or shape the viewing experience, the time or location of the film may also be important to understanding it)
- > **Don't overdo the warm-up** (keep comments short and to the point, don't oversell or over-describe the clip, don't interpret the clip in advance)

3. See the show

- > **Watching in class is a communal experience** (student reactions affect the experience of those around them, some students may feel uncomfortable with some clips)
- > **Be sure that the class is ready** (have students put down pens and pencils, students should be comfortable, everyone should be quiet)

4. Bring up the lights

- > **Get students to talk** (give students a chance to talk, ask "what did you see?" questions as well as "what did you think?", ask students to draw parallels or make extensions of what they saw or thought to other contexts as well as to concepts and models they've previously covered in the course, psychoanalyze the actors: what are their motives? what are they thinking? Dissect the situation: why is it that way? how does it affect the actors?)
- > **Move on to interactive activities** (re-viewing the clip - focus attention in light of discussion, cover part of the screen, turn off the sound, freeze-frame analysis)

Thoughts:

- *Consider role-playing the scene - take roles in the clip, play the scene differently, extend the scene, change the setting*
- *Use field activities - observe a similar setting or behavior and report on it, visit a site comparable to the one in the clip and report on it, interview people who have been in similar situations to find out how they behaved*
- *Before & after assessments - have students write down their expectations, beliefs, or understanding prior to seeing the clip, have students do the same thing after seeing the clip, and then compare the two*

SOURCES OF VIDEO CLIPS

Many schools have excellent personnel capable of helping you to prepare clips for classroom presentation. You have to provide them with the content. That means you have to go looking for it. For me the key is being ready to come across material. More than once I have been watching a show and thought to myself, "That last segment would have been great for my module on 'Cultural Differences in Negotiating Styles' (or some other module." Unfortunately, I wasn't prepared, and so the material was lost. To avoid seeing, but not hanging on to good material, I would offer the following advice.

1. Have VCR, will record
 - a. TV Guide is your friend
 - i. check weekly listings for anything that might be interesting
 - ii. put post-it notes on the TV or VCR with broadcast information on them
 - b. check out the regulars
 - i. news programs such as 60 Minutes, 20/20, Frontline, Nightline
 - ii. PBS regular and occasional series such as Masterpiece Theater, The Brain
 - c. keep one in the chamber
 - i. keep one tape handy on which you can record at a moment's notice for when you come across something unexpectedly; you can transfer the clip to a clean tape or to your computer later
 - ii. family members and friends can also record things for you
 - d. you can always erase
2. Make your local video store an ally
 - a. put together a list of movies that you think might be useful
 - i. consider the classics
 - ii. try foreign films
 - iii. stay current with new releases
 - b. talk to store personnel about what they might recommend or what they have seen lately
 - i. many films are released directly to video, bypassing movie theaters
 - ii. films from cable -- HBO, Cinemax -- are also released on video
3. Don't break the law
 - a. some movies are worth owning
 - b. copying a rental tape or for use other than personal is illegal
 - c. the law remains somewhat vague on some points, clarify what the policies are at your institution

SUGGESTED VIDEOS

The following list is not intended as an exhaustive catalog of video sources for classes on international management. Rather, it is intended as a guide to possible sources of video clips as well as an illustration of the types of videos that I have found effective. The use of clips, however, is a highly personal one. The specific segment of video to be used, the length of the clip, its placement within the curriculum and its relationship to various concepts and ideas is highly subjective.

American Game, Japanese Rules - A comparison of Japanese and American ways of doing things that draws analogies between how the two cultures approach baseball and how they approach business. Useful in exploring differences required for cultural adjustment in differing countries. Also relates to cultural differences in the definition and interpretation of important concepts such as "fairness."

Dances with Wolves - A US cavalryman learns to live with a Lakota Sioux tribe. Excellent scenes dealing with non-verbal communication within and between cultures. Also useful for exploring the inferences drawn by participants in cross-cultural encounters.

Gung Ho - A humorous tale about a Japanese car manufacturer that takes over an American plant in the mid-West. Addresses cross-cultural communication, creating a third culture (neither Japanese nor American), cultural adjustment from both the sojourner and the native perspective.

Koyaanisqatsi - A striking juxtaposition of scenes of beauty and splendor from the natural world with images of frenetic, technological modern society set to haunting music. No narration. Relates well to issues of values relating to technology and man's control over nature as well as issues related to sustainable development and also stress.

Last of the Mohicans - A white taken in by the Mohican tribe protects and then falls in love with an English woman in the midst of the French Indian wars. Relates to issues of culture clash, the ability of two cultures to achieve harmony with one another. Also relates to understanding context.

Local Hero - A quirky, laid-back tale about an American sent to Scotland to negotiate the purchase of a town for conversion into a refinery site. Addresses preferences in communication style, understanding and reading context, and assumptions about counter-parts in negotiations.

The Mosquito Coast - An American inventor travels to Latin America to bring ice to indigenous people and flee the materialism of Western Society. Useful in exploring issues of cultural imperialism and variant strains of ethnocentrism.

Remember the Titans - Based on a true story, it presents the struggle for racial integration of a Virginia high school football team in the early 1970's. Several excellent segments dealing with bridging cultural differences in communication.

Star Trek The Next Generation: A Matter of Honor (Episode 34) - Riker volunteers to serve aboard a Klingon starship as part of an officer exchange program. Relates to issues of selection and preparation for international assignments, adjustment to host cultures, intercultural sensemaking and problem solving and to cultural sensitivity.

Star Trek The Next Generation: Darmok (Episode 104) - Picard and a Tamarian captain are isolated on an alien planet and forced to learn how to communicate with one another. Relates to issues of intercultural communication (both verbal and non-verbal) and sensemaking.

Witness - A young Amish boy witnesses a policeman's murder in Philadelphia. A policeman seeks to protect the boy and himself by hiding in the Amish community. Relates well to adjusting to another culture, to fitting in. Also useful in explorations of differences in cultural values related to materialism, responsibility and cultural change.