



UNIVERSITY OF ECONOMICS AND BUSINESS
VIETNAM NATIONAL UNIVERSITY, HANOI

GPAC 2010 TOPICS

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Organizing Committee for GPAC 2010

I. Macroeconomics and the Global Economy

1. *The Future of Economic Forecasting*

Did you ever wonder why you succumb an advertising hype or a deceptive packaging and overpay for a product yet again? Or bought securities although you knew they were overvalued but the herd instinct was just too strong to resist?

Such irrationality is the focus of behavioral economists, who appear to be gaining greater credibility in macroeconomic circles since the housing bubble of 2008 and the ensuing global financial meltdown. They are also at the center of an age-old debate recently reignited by columnist and Nobel laureate Paul Krugman in a September 6 *New York Times Magazine* article titled, "How Did Economists Get It So Wrong?," which fires a salvo at the assumption underlying neoclassical economics -- namely, that free markets are inherently rational and efficient.

2. *The growth aftermath of natural disasters*

The macroeconomic aftermath of natural disasters traces the yearly response of gross domestic product growth - both aggregated and disaggregated into its

agricultural and non-agricultural components - to four types of natural disasters - droughts, floods, earthquakes, and storms. It consists of vector auto-regressions in the presence of endogenous variables and exogenous shocks (VARX), applied to a panel of cross-country and time-series data. First, the effects of natural disasters are stronger, for better or worse, on developing than on rich countries. Second, while the impact of some natural disasters can be beneficial when they are of moderate intensity, severe disasters never have positive effects. Third, not all natural disasters are alike in terms of the growth response they induce, and, perhaps surprisingly, some can entail benefits regarding economic growth. Thus, droughts have a negative effect on both agricultural and non-agricultural growth. In contrast, floods tend to have a positive effect on economic growth in both major sectors. Earthquakes have a negative effect on agricultural growth but a positive one on non-agricultural growth. Storms tend to have a negative effect on gross domestic product growth but the effect is short-lived and small. Future research should concentrate on exploring the mechanisms behind these heterogeneous impacts.

II. International Economics

1. Regional integrate merging

Since the process began in 1997, the ASEAN Plus Three (APT) (China, Japan and the Republic of Korea) cooperation has broadened and deepened in many areas of cooperation. Cooperation is now being pursued in 20 areas, covering political and security, transnational crime, economic, finance and monetary, agriculture and forestry, energy, minerals, tourism, health, labour, culture and arts, environment, science and technology, information and communication technology, social welfare, rural development and poverty eradication, disaster management, youth, women, and other tracks. There are 57 bodies (1 Summit, 14 ministerial, 19 Senior Officials, 2 Directors-General, 18 technical level meetings and 2 other tracks meetings) coordinating APT cooperation.

2. Transitional Economy

A transition economy or transitional economy is an economy which is changing from a centrally planned economy to a free market. Transition economies undergo economic liberalization, where market forces set prices rather than a central planning organization and trade barriers are removed, privatization of government-owned enterprises and resources, and the creation of a financial sector to facilitate the movement of private capital. The process has been applied in China, the former Soviet Union and Communist bloc countries of Europe, and many third world countries. Ideally, this process leads to macroeconomic stabilization after immediate high inflation is brought under control. In practice, these changes have often led to increased inequality of incomes and wealth, dramatic and ongoing inflation, pervasive corruption in both the public and private sectors, and a fall in GDP.

The transition process is usually characterized by the changing and creating of institutions, particularly private enterprises; changes in the role of the state, thereby, the creation of fundamentally different governmental institutions and the promotion of private-owned enterprises, markets and independent financial institutions.

III. Labor Economics

1. Wage inequality

In many countries, wage inequality has risen over the last two decades. The current development with increasing internationalization, outsourcing and rapid technological change is certainly a challenge to equality in the labor markets. In order to tackle the problems, governments need to realize the importance of the wage policies, the supply of skills as well as welfare schemes (e.g. unemployment insurance). A better understanding of the wage setting process and structural change at the micro level would help in assessing the future of the labor market.

2. An aging population and its effects on the labor market:

Research has showed that population aging will lead to a slowdown of labor force growth, and eventually into its contraction. With labor force growth being

one of the sources of economic growth, the slowdown of labor force growth may contribute to a slowdown of GDP growth. Population aging, however, may not necessarily reduce economic growth, and it will be interesting for us to discuss problem solutions. For example, a drag on economic growth created by population aging could be countered by higher overall (multifactor) productivity, increases of labor quality, or increased labor force participation. Another plausible solution is the increase of labor force participation rates – for example, a research in Sri Lanka showed that the increase of women's participation rate could delay the reduction of labor force.

3. *Off-shoring and its effect on the labor market*

Firms relocate production and service processes internationally (offshore) primarily to achieve cost savings. In advanced economies, off-shoring in services is small, but has grown faster than that of materials since the mid-1990s. Recently, economists have noticed the impacts of off-shoring on overall employment and earnings growth, and it has likely contributed to shifting the demand for labor towards higher-skilled jobs. We will focus on the effects of labor off-shoring on the labor market, since such effects are typically diverse and differ by country.

IV. Environment Economics

1. *Climate change*

Climate change is already happening and represents one of the greatest environmental, social and economic threats facing the planet. The rising global temperature is considered the cause of heavier rain downpour, changes in river flows and sea levels, which have led to more frequent and more catastrophic disasters. Climate change also makes a great impact on various aspects of the economy, including agriculture, labor economics, manufacturing and tourism. However, besides from the cost to society, there will also be opportunities, especially for those who recognize the changes and plan ahead.

2. *Energy efficiency and sustainable energy*

Being considered the solution to global problems such as global warming, energy security, and fossil fuel depletion, the ideas of creating and maintaining sustainable energy have been discussed for years. Energy efficiency has proved to be a cost-effective strategy for building economies without necessarily growing energy consumption.

Still, efficiency often has taken a secondary position to new power generation as a solution to global warming in creating national energy policy. Some companies also have been resisted to engage efficient measures, despite the often favorable returns on investments that can result.

3. Green Economy

'Green' economy is a fast growing new economic development that intends to address the interdependence of human economies, the natural ecosystem and the adverse impact of human economic activities on climate change and global warming. Green economy includes the green energy generation based on renewable energy to substitute fossil fuels and to conserve efficient energy use. The green economy is considered being able to create green jobs, ensure real, sustainable economic growth and to prevent environmental pollution, global warming, resource depletion, and environmental degradation.

Our discussion will focus on the "greening" of the economy, by either reshaping policies, or by investments towards clean technologies and renewable energies; and on creating social enterprises.

V. International Finance

1. Responsibility for the Financial Crisis

The global financial meltdown has been marked by shortages -- of oversight, due diligence, moral fortitude and common sense. Today, approximately two years after the housing bubble burst and world stock markets collapsed, possibly the only surplus left from the crisis is that of finger pointing and blame. The question of blame has been borne on a lot of people's minds,

"Responsibility and the Financial Crisis of 2008." Attempts to pinpoint who or what caused the global financial crisis usually results in a long list of suspects: The Federal Reserve, government regulators, credit rating agencies, the Securities and Exchange Commission, lenders and borrowers, and even business schools have found themselves at the end of an accusing finger. "Whether they bear some responsibility or not", "We have an obligation to immerse ourselves in the question, 'Where do we go from here?'"

2. The Money Market and the Foreign Exchange Market

In this section we will integrate the money market with the foreign exchange market to demonstrate the interactions that exist between the two. The linkage between the two markets arises because the domestic interest rate is the endogenous variable in the money market and an exogenous variable in the FOREX market. Thus, when considering the FOREX, when we say the interest rate is determined outside of the FOREX market, we know where it is determined: it is determined in the US-money market as the interest rate that satisfies real supply and demand for money.

3. Foreign Currency Debt, Financial Crises and Economic Growth

Foreign currency debt is widely believed to increase risks of financial crisis, especially after being implicated as a cause of the East Asian crisis in the late 1990s. In this paper, we study the effects of foreign currency debt on currency and debt crises and its indirect short and long run effects on output between 1880-1913 and 1973-2003 for 45 countries. Higher ratios of foreign currency debt to total debt are associated with increased risks of currency and debt crises, although the strength of the association depends crucially on the size of a country's reserve base and its policy credibility. Its financial crises, driven by exposure to foreign currency, resulted in significant permanent output losses.

VI. International Trade and Investment

1. *Globalization and Internalization of Economies.*

In an era of globalization trade in goods and services and flow of capital across the countries are playing a key role in their economic growth. Countries have embarked upon a number of tracks (unilateral, regional, bilateral and multilateral) to liberalize their economies in alignment with the world economy. As they substantially benefit from this effective participation, these economies are constantly engaged in negotiating market access for trade and investment. This growing interaction has resulted in a phenomenal rise in world trade and investment. We will analyze this process of internationalization to find out whether the current growth models based on trade and investment are beneficial to developed countries as well as developing ones, especially in the aftermath of this recent unparallel global financial crisis.

2. *The need to regulate foreign investment.*

The major issue of the Multilateral Agreement on Investment (MAI) is not whether foreign investment is good or bad, or should or should not be welcomed. The real issue is whether or not national governments should retain the right and power to regulate foreign direct investment (FDI) .They should have the adequate authority and means to have policy instruments and options over investment, including foreign investment.

3. *Promotion of Free Trade*

China and Southeast Asia will establish the world's biggest free trade area in 2010, liberalizing billions of dollars in goods and investments covering a market of 1.7 billion consumers. Eight years in the making, the ASEAN-China FTA will rival the European Union and the North American Free Trade Area in terms of value and surpass those markets in terms of population. Officials hope it will expand Asia's trade while boosting intra-regional trade that has already been expanding at 20 per cent a year. It is interesting and useful for us to assess how much effect this establishment will have on Asia and the global trade.

VII. New Challenges for Management

1. The triple evolution

Nowadays, companies will not survive long unless they join a threefold revolution - in management itself, information technology, and global markets. In fact, the radical changes in management have become inseparable from those in technology. Without the global revolution such a power could never have been developed. Technology is expediting the onrush of organizations into brilliant new modes of management: not only global, but interactive, innovative, collaborative, anti-hierarchical and user-friendly. But the technology and its suppliers are changing themselves in critical speed, which puts further pressure on managements.

2. Attracting talents

In the contemporary world, companies either large or small are facing shortages, while attracting and retaining enough high-skilled employees. Therefore it has become a requirement of organic and inorganic growth. However, some business leaders still believe that people are lined up outside the door because of the power of the company's brand. Managers are facing the challenge of making a transition from a talent culture that has traditionally operated with a "buy" strategy to one that places more emphasis on "build".

3. Social corporate responsibility

Corporate social responsibility is a concept that is growing fiercely around the globe. While corporate social responsibility does not have a universal definition, many see it as the private sector's way of integrating the economic, social, and environmental imperatives of their activities. As such, corporate social responsibility closely resembles the business pursuit of sustainable development. In addition to integration into corporate structures and processes, corporate social responsibility also frequently involves creating innovative and proactive solutions to societal and environmental challenges.

VIII. TOURISM AND TRAVEL INDUSTRY

1. Overview of the Tourism Industry

The travel and tourism industry recognizes that the 21st century is bringing major new challenges and opportunities- not only for its own business, but also for the world of which travel & tourism forms such a crucial part. We may have a review on the world tourism industry in the last decade and predict how the industry will change for the next 10 years.

2. *Burdens on Tourism*

Clearly, issues such as fuel tax and carbon reduction were a concern for the industry. While we were hoping that the worst had past, there was always a danger of 'double dip' in some countries' economies. Challenging times are ahead, and that what is needed was support from policy makers should the momentum falter. Placing extra burdens on a previously dynamic industry at a time when profits were under great pressure would hinder the industry's often crucial role in providing employment and reducing poverty.

3. *New types of Tourism services*

Medical tourism is likely to increase over the next decade as more patients are able to access the Internet and acquire information relevant to care offered overseas at an affordable price. While some patients will benefit immensely from treatment as a medical tourist, many legal and ethical issues will also arise. Nurses need to familiarize themselves with the benefits of medical tourism while also acknowledging its inherent dangers. Potential medical tourists will benefit from the services of a knowledgeable health professional in their home country who can discuss the many issues that relate to this medical tourism. It is expected that medical tourism will provide a new role for nurses as this healthcare trend expands around the world.