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COLUMBIA
BUSINESS
SCHOOL

International Innovation in the Classroom

Professor Stephen P. Zeldes:
Global Economic Environment

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Even though roughly one-third of all Columbia Business School students are born outside the United States, most courses at the School remain decidedly U.S.-centric. And they probably should be, given the dominance of the United States in the global business world. However, few courses buck this trend as much as the Global Economic Environment, a core offering that teaches macroeconomics by seamlessly weaving in international elements that appeal to the growing number of international students at the School.

The global mix is part of the course in a variety of different ways. From a case on Argentina's historic battle against hyperinflation to student presentations and debates on, for example, whether France has a higher standard of living than the United States, the course is known for fueling lively class discussions in which students from different backgrounds share their experiences. In that sense, the course accomplishes what many business school courses presumably hope to achieve: leverage the School's deep international student base, whose members often have a rich perspective on significant economic issues such as Argentine inflation.

Professor Stephen P. Zeldes teaches the Global Economic Environment and is in charge of its content. Professor Zeldes, who joined Columbia in 1996 after 10 years at Wharton, said the Argentina case and the student presentations are examples of a department-wide effort to refine the course in recent years.

"We decided we would add the student debate presentations and also build up the international component. It was already called the Global Economic Environment, and this was kind of a second wave," he says. "We had a few rough spots, but now we all have come to the point where we all think it is a really good course and have received good responses from the students."

The goal of the student in-class debates is to bring in more examples of interesting, real-world questions. "I think it makes it more interesting to students to have to go out and do it themselves, and we wanted to select topics that were somewhat controversial," Zeldes says. "I also think it's good for students to do presentations, because it prepares them for work and maybe helps students appreciate that it's not quite so easy to be up there teaching."

And the case on inflation in Argentina, written by Professor Zeldes and Fernando Alvarez (who is now at the University of Chicago) serves the School on two fronts: it brings more international content to the curriculum, and it supports the School's new initiative to develop a richer set of in-house case studies.

Professor Zeldes says the Argentine experience is interesting because of the moderate experience the United States has had with inflation and because there was real uncertainty as to whether Argentina would ever corral rising prices. "We sit here in the U.S. and see inflation jump up to 3 percent and people are worried, so the case really puts the issue in

perspective. In Argentina's case, reform after reform had failed, and there was a lot of uncertainty about whether the plan to bring down inflation would work. But they succeeded, and inflation fell dramatically."

To put the case together, Professors Zeldes and Alvarez collected data, most of which were publicly available. Initially, students were required to crunch numbers and draw conclusions from regressions and the like, but the assignment has since been scaled back so that students can focus on the more macro issues. The case has been used at other top business schools, including Chicago, Stern and Kellogg.

As for the effort to develop more cases at Columbia, Dean Glenn Hubbard recently asked Professor Zeldes to head this new and exciting initiative. The strategy is not necessarily to compete with Harvard Business School, which has traditionally had a stranglehold on the for-profit case-writing industry. Rather, the focus is to highlight the research Columbia faculty members undertake.

"Columbia faculty members do a tremendous amount of work on new and innovative course materials but don't really package them in a way that's usable by other schools or even recognizable by the students here," Professor Zeldes says. "And there are some other things the faculty would like to do [such as writing case studies], but there's not the infrastructure here."

Professor Zeldes noted that Harvard, while an extreme example, has an entire staff of case writers, researchers and editors to work on its cases. While Columbia does not plan to follow this route, it is seeking to develop a small infrastructure team to assist professors and is seeking to hire a full-time case writer. "Ultimately, we will have a process to distribute outside of Columbia. But I don't expect we are going to overtake Harvard, and that is not our goal. We do think there is a niche of the market we can take on. For example, Harvard does not do as much in finance and economics. But I think ours will also be more tied to faculty research, and that will distinguish us as well."

Still under consideration is how Columbia would distribute the cases to other schools. Some of the ideas currently under consideration are to allow other schools to use the cases free of charge, to find a partner to help with distribution and sales or even to distribute through Harvard. According to Professor Zeldes, "Columbia has a research-oriented faculty, and we think that is a strength of the institution. We do not want to shift the emphasis away from research, but on the other hand we think something like this could be synergistic with the research."

Stephen P. Zeldes is the Benjamin Rosen Professor of Finance and Economics and chair of the economics subdivision.