

INTERNATIONAL LAW

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INTERNATIONAL LAW

us-them dichotomy

who is law is internationally?

Predictable projection of power

law is meant to reduce conflict
but need enforcement

in law,
jurisdiction is needed for enforcement

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In U.S.A. responsibility for International Law

States have surrendered all authority to federal gov.

In the federal government

President

however, President needs the approval of Congress

TREATIES

2 / 3 rds of the Senate
note effect of
Supremacy Clause, Art. VI, Par. 2.

WAR

majority of both houses

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responsibility **BETWEEN COUNTRIES**

United Nations
advisory
unless Security Council
but **VETO**
Korean "War"
name five permanent members

International Court of Justice, the Hague
voluntary submission to jurisdiction
may be permanent voluntary
IRANGATE

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LAW OF SEA AND AIR
flag of ship
12 mile limit for military
USA claimed 100 miles in 1999
200 mile limit for economic regulation
fish, oil, minerals
free passage
bay (10 miles) v. gulf

Sea Treaty
all nations signed
except U.S. and Germany
mining of sea floor

pollution: salt water and acid rain

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Economic
Social
Political context interact and are independent

Business Motives for International Trade
1. relative costs and/or relative worth of production
2. immovable resources
3. customers

QUERY: What are the non-price determinants?

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National Government's Potential Responses to International Trade

1. **Laissez Faire**
free trade including **CHOICE OF LAW**
2. **NATIONAL REGULATION**
exports
imports
investments
3. **INTERNATIONAL REGULATION**
technical standardization
reduce tariffs
exchange rates
anti-dumping

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Problems in International Trade

1. **protectionism**
keep out
 2. **confiscation**
keep in
 3. **conflicting goals of nation and business**
power over
economy, society, politics
- challenges definition of a nation

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Each Firm
must Define and Seek its **POSITION** in the market
unique
universal
internal
external
goals

Seek Position via
STRATEGY
Long Run
TACTICS
Short Run

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Each firm is a monopolist for its goods and services.

Seek a **NICHE** with a **competitive advantage**

big firms with large MES
low cost and low to medium quality

small firms with small MES
high cost and high quality

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Corporate **GOALS** vary and must be **prioritized**

LR v. SR
profit
growth
survival
power

how are these five ranked in the U.S. and Japan?

influence of corporate subgroups

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INNOVATION

technology is the feasible combination of inputs

technology is an intangible asset

technology is an idea plus physical embodiment

technology requires an artisan plus capital

technology is the most dynamic
of non-price determinants
of supply and demand

technology dynamically drives society
especially via competition

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adoption of new technology
 application of the **Shut Down Rule**

$ATC_{new} < AVC_{old}$ **existing firms**

versus

$ATC_{new} < ATC_{old}$ **new firms**

competition forces firms
 to continually adopt new technology
 to reduce costs so that can reduce price

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innovator becomes the status quo
 seeks to protect investment
 seeks profit via collusion
 rather than innovation to reduce cost

fixed cost
 full cost accounting
 and
 destructive competition
 price persistently below ATC

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technological transfer
 impact on sender and receiver
 absolute
 relative

MNE principal senders
 flexibility
 Long Run v. Short Run
 pollution
 safety
 discrimination

economies of size
 oligopoly

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