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US Economy: Recession off and Monopoly*

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Abstract: This paper make up 5 short essays. Major paper is USA economy and recession. Other essays are related with neomerchantalism and linear costing. Paper of USA economy recommends that state of USA should decrease trade deficit in order to decrease inflation rate in USA economy. Secondly, state of USA should strengthen NAFTA in order to increase its political and economic impact. Job loss in another threat in USA economy. Next phase might be unemployment. In another essay, neomerchantalism is to apply merchantalism principles in international business of export and import. Merchantalism is free trade between countries. There is also IMF regulations in modern economy. Therefore, neomerchantalism view of economy contains merchantalism plus IMF regulations. Thirdly, this paper mention for a linear cost model. Cost accounting assumes there costs for firms to account unit cost of products. They are supply cost, labor cost, and administration costs. Linear cost model establish a linear program with those cost accounting variables. Therefore, it assumes that this linear model suggest a new costing model for firms to account cost of their products.

Key words: USA economy; recession; neomerchantalism; linear costing

JEL codes: E00, E12, E40, F11, M41

1. Purpose

This paper aims to argue American economy to do benchmark for global recession problem. American economy get into recession once in a 10-year, and US governments save their economy from recession.

2. Literature

The USA can be acknowledged for a recession country. US economy get into recession once in a 10-year. There are 30 recession in US economic history in the past 150 years. Major reason might be "US wars". For example, economy faces recession after Korean War, Vietnam war, Gulf war or after Civil war in 1860s. For example, inflation substantially increased after Vietnam War in 1973. US economy faced higher inflation, recession and stagflation during 1975–1985.

US Crises have deep impact over economy and over society and American people call crises as Panic, Depression, Long-term. Because US crises resulted in wide firm-bankruptcy and widened unemployment such as in 1929 Crises.

America gets out of recessions by public spending and by public investments. US governments increase

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public spending and public investments to stop recession. For example, US governments do municipality infrastructure investment or interstate investments.

Public spending has two impacts over economy. One is, money supply. Public spending increase emission in economy or in markets Emission is amount of money in business markets. That increase demand and sales. Recession is, there is low-sales in markets. So, money supply can increase sales and stops recession. Secondly, public investment decrease unemployment-level in economy. This policy is implemented in 1929 Crises to decrease unemployment. This policy is called as Keynesian policy in academic literature, i.e., IS-LM curve. IS-LM curve assumes that, public investments (or public spendings) enforces total demand and sales in markets. So, recession decrease, and unemployment decreases.

Therefore, IS-LM is to apply monetary policy and public finance policy in economy simultaneously.

Post-Keynesian policy is quantitative enlargement (QE). Today, Fed adopts QE or post-Keynesian policy to stop recession. QE1, QE2, and QE3 from 2008. Quantitative enlargement is to supply corporates with money to fulfill their credit-need and debt-problem. However, today, Fed should stop QE policy. Because academics say that, emission increased 50% in US markets since 2008. So, US government may increase public spending and public investments in order to stop recession, instead QE policy.

3. Findings

America is recession country, because America is monopolistic. The US has, maybe, monopol economy. Monopol means, money is under control by few people such as Bill Gates, George Soros, Marc Zukerberg and others. State of US is rich but American citizens are not good enough rich. So, monopoly may lead to gradual recession in American economy. What-to-do for monopoly?

Secondly, American households have very-large fix payments. College tuitions, insurance payments, tax payments, car payments etc. Fix payments may decrease total demand in American economy by American households. That may result in recession in American economy. So, fix-payment problem of American families must be cut.

Moreover, and importantly, America has budget deficit and trade deficit problem. Trade deficit threatens US economy. The USA has trade deficit with Asian trade and China. What is situation with EU and Nafta? For example, Brazil may join to NAFTA membership to strengthen Nafta economy. That may increase the political and economic impact of Nafta. For example, US has 800 billion dollar trade deficit against China. And China holds 1.4. trillion dollar US bond and treasure. That may results in debt problem in US economy.

US also have 16 trillion dollar government debt, maybe due to trade deficit and budget deficit. Ratio of debt/GDP is 100%. This is a threat but it can be manageable.

4. Conclusion

China caused 2 million job-loss in US economy for the past 10-year. One-to-do might be, to export from China to other Asian countries. American FDIs might do export from their China investment to India or other Asia countries. This may decrease the trade deficit between China and the USA. Secondly, Brazil may join to Nafta to further Nafta economy. In the current phase, US firms do export from their China FDIs to America that increases trade deficit between two countries. Trade deficit of America is important because it may increase budget deficit and government debt problem.

Canada takes advantage of Nafta. Canadian firms obtain supplier position with US firms. This is value chain. But who is the buyer in this value chain? Brazil might be. If Brazil joins into Nafta zone, so; they can become customer in this value chain.

Secondly, China is exporting manufacturing goods to the USA, and US firms are exporting to the service goods to China such as logistics, financial services, health, inssurance. That may be another danger for US economy.

Today, global economies may face with stagflation. Stagflation is, there are recession and inflation together in business markets. 2008 Global Crises started with recession in markets. Today, there is also inflation. Next phase can be “unemployment” same as in 1929 Great Depression. Therefore, we should save stagflation. Because academic studies demonstrate that stagflation leads to deeper unemployment-level. Because firms may close factories due to low-sales (recession).

Global economies may pursue two economic policy to save stagflation. One might be to increase inflation by 20% or 30% percentage by Central Banks. Because inflation will increase money supply and emission in markets to increase sales and demand. So, inflation may stop recession. Stagflation economies in EU and in Turkey, they can pursue a higher-inflation policy to stop recession to refresh sales. Secondly, US government can increase public spending in their economy to stop recession same as in the past.

English economist, A. William Philips, suggests Philips Curve. Philips Curve demonstrated negative correlation between inflation rate and unemployment rate. Philips advised that, if economies increase inflation, unemployment level decreases. Therefore, stagflation economies in EU and Turkey, they may increase inflation in markets by central banks through money supply to refresh sales to stop recession, to stop stagflation and unemployment.

To conclude, US has economic freedom. This is the country policy from the independence. Economic freedom (or open economy) increases entrepreneurial activities in US economy. Entrepreneurship and innovation obtain key-priority in EU agenda for 10 years. Because EU observes unemployment problem in EU economy, and they aim to encourage entrepreneurship and innovation to decrease unemployment.

Economic freedom $\longrightarrow$ Entrepreneurship

Appendex A

Essay 2

“Hypotheses of Total Quality Management:
Employee Involvement, TQM Practices and Customer Satisfactions”

Brief:

There are three important keynotes in TQM for competitiveness: employee involvement, TQM practices and customer satisfaction.

First of all, TQM is a employee involvement. Employee involvement is that, human resources join to decision-making in organization. This is called as participative management in managerial theory. Employee involvement is to obtain employee’s opinion for quality issues. Therefore, TQM aims to obtain employee opinions to solve the quality problems. If all employees join to decision-making and problem-solving in organization, this is “total” of quality management. Employee involvement is the first dimension in TQM.

Second dimension is TQM practices. They are, for example, brain storming, quality circle, fish-bone technic, casue and affect analysis, pareto, poke-yoke stop and others. Firms use these technics to hinder quality problems. Those TQM technics enable firms and employees to do employee involvement.

Third dimension in TQM is customer satisfaction. One objective of TQM is to achieve customer satisfaction.

Integrated model of TQM practices is, for example, employees share their opinions with others about quality problem in quality circle. This is a kind of team work, and quality circle is a kind of brainstroming. Team members argue the validity of opinions, and they determine valuable ideas to solve the quality problems. Therefore, quality circle is a teamwork achievement to solve the quality problems.

In quality circle, TQM problems can be solved with fish-bone technic (cause and affect analysis). This technic is contended by Kairo Ishikawa. In fish-bone technic, team (quality circle) determines the major-problem, and find out the causes of the problem. Team members discuss impact of causes on quality.

Finally, three dimension appeares in TQM. They are employee involvement, TQM practices and customer satisfaction. TQM technics enable employess to do employee involvement. In conclusion, TQM is a lecture that started forgotten but it is important for firm competitiveness. Therefore, this paper aims to emphasize those hypotheses of TQM to understand their impact on competitiveness.

Appendex B

Essay 3

"NeoMerchantalism: is Open Trade, Open Currency and Open Monetary System?"

Introduction

Stagflation is assumed as in the current phase of global economy. Stagflation is, inflation and recession is both exist together in markets. There isn't sales in markets in this global turmoil, and this makes recession at the beginning, and then, generates inflation, and both inflation and recession makes "stagflation". Formula of stagflation is: stagflation = inflation + recession. Stagflation term may emerge with the word "stuck". Therefore, economies are stuck in stagflation in today's global economies. Same as printers are stuck in offices due to papers, or machines are stuck in factories due to maintenance lack. In today's crises, stuck of economies is sales. There isn't enough sales in markets. There isn't enough demand against company products. This is called as "recession". That increases cost of products of companies. Because low capacity usage (capacity-usage ratio) heightenes the cost of companies. This emerges inflation, and both inflation and recession generates stagflation.

Therefore, this study aims to discuss neomerchantalism for global economies to increase sales, and in order to decrease recession and inflation. What may be done? There can be three discuss to do:

(1) Open trade

(2) Open currency

(3) Limited Euro usage.

Both open trade and open currency make up neomerchantalism in this study. Open trade and open currency was exist in Silk Road in merchantalism era. And this study aim to regenerate this merchantalism with neomerchantalism. Merchantalism is free trade. Merchantalism is that, traders have multiple currencies in their portfolios to do trade. Therefore, neomerchantalism contains liberal economic views. Therefore, formula of neomerchantalism might be: neomerchantalism= merchantalism + IMF.

In this formula, merchantalism is free trade among countries and IMF regulate and control money-flow between countries.

Open Trade, Open Currency: NeoMerchantalism

Neomerchantalism contains open trade and open economy approach. Open trade is to facilitate international trade with cutting custom tariffs. Because, in today's global turmoil, there aren't enough sales in markets. So, if we facilitate international trade, we can increase the bilateral sales among countries. Second view in neomerchantalism is open currency. Open currency is to use national currency in bilateral trade among countries.

Firstly, we should weaken custom tariffs in international trade to increase the international sales. This is named open trade. Open trade was exist in Silk Road such as in Italy in merchantalism era.

Secondly, we should be aware of open currency control. Open currency is to use national currency in international trade. Today, only dollars are used in bilateral trade. In order to increase trade and sales, we can use national currency in trade instead of dollars.

Therefore, national central banks should be aware of currency-portfolio to exchange currencies bilaterally. Therefore, national central banks should possess other-national currencies in their reserves to do international trade. With this sense, open monetary system is that, national central banks will hold other national currencies in their portfolio for bilateral and international trade.

For example, in Silk Road in Mediterranean, 400 to 500 ships were ironing to the Italian ports. This is open trade. These ships were bringing goods from Asia-Africa to the European markets and vice versa. And Italian traders have had multiple foreign currencies in their portfolio to do international and bilateral trade. For example, if ships were bringing Chinese commodity, they had Chinese-money; if ships were bringing African commodity, they had Africa-money.

EU can strongly enforce neomerchantalism. Because EU already has free movement of goods and free movement of people inside EU borders. The missing point is ECB European Central Bank do not have multiple currency portfolio. EU also has this opportunity. ECB can possess euro and national currency of European countries in its portfolio.

Thirdly, EU should kept “euro” as a foreign currency for international utility. Euro gained a position to become international currency. National banks in globe save euro in their portfolio. Therefore, European Central Bank should keep euro as a currency but they permit national central banks in Europe-wide to issue their national currency in markets. ECB should permit member countries to issue their national currency in markets.

ECB can regulate the exchange between national currency and euro. Market price of euro against European national currencies will be determined in time by markets. For example, Euroleague has 17 members, and EU has 27 members. What are the rest 10-countries doing in their markets for financial activities? This 10-country, they are not the member of the Euroleague. They do, they use euro and their currency simultaneously in markets. Therefore, ECB tend to weakened euro, instead of cancelling euro, i.e., member countries of EU can use euro and national curreny together in markets.

Final Remarks

This paper suggests neomerchantalism to stop global recession. Neomerchantalism is to use national currency in international trade (in import and export). This assumes to increase international sales among countries. For example; Italy and Turkey use Liret and Lira in their bilateral trade, or Germany and Sweden can use Mark and Krona in their trade.

Finally, to conclude, stagflation is considered in the current phase of global crise. Stagflation is, inflation and recession is both exist together in markets. Both inflation and recession results in “stagflation”. Formula of stagflation might be, stagflation = inflation + recession. Stagflation term may emerge with the word “stuck”. Economy is stuck in stagflation.

Appendix C

Essay 4

“Program and Curriculum Design of HRM Departments in Business Schools”

Aim

Aim of this paper is to develop HRM and executive HRM program for business schools.

Structure: HR Program

This program is based on three majors: Foundation, Major, Specialization. Foundation courses are core business courses such as marketing, management, accounting. Major is built on HRM interests such as personnel management, international HRM, HR planning, staffing, training etc. Elective courses enable HRM students to specialize on a business field such as accounting, marketing, management. Therefore, HRM student obtains a dual career opportunity: one is in HRM and the other is in business.

HRM students should experience management courses and law courses. Because HRM professionals manage people and employee relations.

Courses

There are foundation, major and specialization courses in this curriculum. Number of courses is 42, and credits to complete this program is 168 credits. Each course is given to 4 credits.

Foundation courses are: Management and organization, organizational behavior, organizational psychology, strategic management, business policy, introduction to business, international business, marketing management, principles of marketing, principles of accounting, financial accounting, production management, business law I, business law II, quantitative methods in business, principles of statistics, business statistics, research method I, research method II, principles of economy, micro economy, macro economy.

Major HRM courses are: Personnel management, human resource management, strategic human resource management, international HRM, research method in HR, HR planning, staffing, training, performance evaluation, reward management, career management, compensation, industrial relation, labor law.

First two-year courses are business courses in the program, and third- and fourth-year courses are HRM courses

There are 4 elective courses in the program. Content will be developed later.

1. Curriculum

First Year

Fall	*Spring*
Principles of Management	Business Statistics
Principles of Economy	Quantitative Methods
Principles of Marketing	Financial Accounting
Principles of Accounting	Business Law I
Principles of Statistics	Macro Economy

Second Year

Fall	*Spring*
Management and Organization	Marketing Management
Production Management	Strategic Management
Research Methods I	Research Method II
Organizational Psychology	International Business
Organizational Behaviour	Labor Law

Third Year

Fall	*Spring*
Personnel Management	Career Management
Human Resource Management	HR Planning
Strategic Human Resource Mgmt.	Staffing
International HRM	Training
Research Method in HRM	Performance Evaluation
Specialization I	Specialization II

Fourth Year

Fall	*Spring*
Reward Management	HR Case Study Course
Compensation	Industrial Relation
Job Health and Security	Specialization IV
Specialization III	Internship II
Internship I	Internship III

Executive HRM Program: One Year

Executive human resource management courses (executive HRM) are built on core courses and career courses. This program is benchmarked with current executive MBA programs in business schools.

There are 5 core courses, and there are 9 career courses. Each course's credit is 6 credit to complete. Total credit of executive's HRM program is 84 credits.

Courses

Courses	Credits
Core Courses	
Management and Organization	6
Personnel Management	6
Human Resource Management	6
International HRM	6
Strategic HRM	6
Career Courses	
HR Planning	6
Staffing	6
Training for Development	6
Performance Evaluation	6
Compensation	6
Career Planning	6
Industrial Relations	6
Health and Safety	6
Labor Law	6
Total:	84 credits

Conclusion

This program and curriculum of undergraduate and executive HRM programs aim to develop and improve employee-relations ability of HR professionals.

Appendex D

ESSAY 5

"Linear Costing: Linear Programs in Cost Accounting"

Introduction

This study aims to present a new cost model for firms. There are traditionally three costing methods for firms. Average cost model, Activity-based costing and Cost accounting. This paper presents a fourth-model for cost calculation.

Therefore, this paper aims to apply quantitative methods to cost accounting. Therefore, aim of this study is to calculate unit cost through a linear cost model. This model will provide of effective pricing decision for firms. Thus, this study takes on cost accounting's cost variables to establish model. They are supply cost, labor cost and administrative cost.

In additio cost accounting assumes three costs for firms: supply cost, labor cost and administrative cost. Linear programs foreset direct relation between dependent variable and independent variable. This study recommends a linear cost model for firms to determine unit cost. Accordingly, dependent variable of this cost model is unit cost of a product. Independent variables are of supply cost, labor cost and administration cost. Beta in the cost model represents impact share of independent cost variables on unit cost. Therefore, firms have to predict beta coefficients in the model to calculate unit cost throughly. This prediction must be based on management's experiences and expertise. This experience and expertise of managers are called of as "human capital" in modern managerial theory.

Theoretical: Cost Accounting

Cost accounting finds unit cost of a product for firms. There are three costs in cost accounting: Supply cost, Labor cost, Administration cost.

Linear programs assume direct relationship between independent variable and dependent variable in the model. In linear cost model, dependent variable is "unit cost". Independent variables are "supply cost, labor cost and administration cost". Therefore, this study assumes linear relationship (direct) between supply-labor-administration costs and unit cost.

Cost accounting distributes and uploads the share of each cost unit to unit cost: How many percentage labor cost affect unit cost? How many percentage supply cost affect unit cost? How many percentage administration cost affect unit cost? These percentages are represented by impact factor (beta) in linear cost model. Impact factor is represented as beta coefficients in this model.

Theoretical representation of this model is:

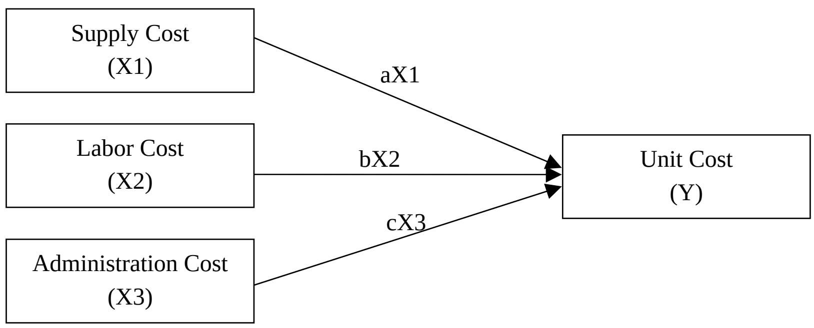

Figure I   Cost Accounting Model

Cost Model

Therefore, we can establish the linear cost model as:

$$Y = a.x1 + b.x2 + c.x3 \quad (1)$$

Y is unit cost of a product,

X1 is supply cost,

X2 is labor cost,

X3 is administration cost.

a is coefficient; impact factor (share of supply cost on unit cost),

b is coefficient; impact factor (share of labor cost on unit cost),

c is coefficient, impact factor (share of administration cost on unit cost).

In practice, firms calculate unit cost through dividing total cost to quantity of production. We can find unit supply cost, unit labor cost, and unit administration cost with same method.

Therefore, X1 = total supply cost/quantity

X2 = total labor cost/quantity

X3 = total administration cost/quantity

For example, amount of production (quantity) is 10.000 unit. Total supply cost is 10.000 euro, and total labor cost is 20.000 euro, and total administration cost is 30.000 euro. Firm predicts coefficients (impacts) as:

a = 0.7 and b = 0.2 and c = 0.1

X1 = 10.000 euro/10.000 unit, therefore; X1 = 1 €

X2 =20.000 euro/10.000 unit, therefore; X2 = 2 €

X3 = 30.000 euro/10.000 unit, therefore; X3 = 3 €

If we put these quantitative values to model, so:

$Y= 0.7x1 + 0.2x2 + 0.1x3$

$Y = 0.7 + 0.4 + 0.3$

Y = 1.4 euro

Therefore, unit cost of product in this firm is 1.4 euro, and then, firm will put up profit margin. (Cost + profit) will determine the sales price of firm's product.

In addition, there can be limits in this model in cost accounting. They are might be: production planning.

First limit is production planning. Because labor demand, supply demand and material demands are depend on production planning. Because with production planning, companies determine predictive amount of production forehand.

Wage

Second limit is labor wage. Businesses cannot surplus company budget for recruitment of labor. This determines labor cost.

Efficiency

Third limit is efficiency. Because efficiency decreases production costs; efficiency decreases material requirements such as stock expenses, energy expenses, material expenses.

Business Implications

This cost model can turn into software program for firms to calculate cost of products to do pricing-decision.