BUSINESS, SOCIETY, & U.S.-CHINA RELATIONS

Course Description: Do the economic and political tensions in the U.S.-China relationship matter for the business community? How should businesses deal with potential flashpoints – whether on trade, foreign direct investment, varying business norms and practices, intellectual property violations, or security concerns – in the relationship between the two largest economies in the world? Does the business and investor community, both collectively and as individual firms, have a responsibility to grapple with the political environment inside China?

This course addresses these and other related questions in an effort to prepare Stern students for the complex reality of China’s emergence on the world stage. While many Stern courses recognize the critical role that institutional and political contexts play in business decision-making, this course will focus specifically on the U.S.-China relationship.

Given the volume of political rhetoric in this area (and the expectation that it will increase over time as China overtakes the U.S. to become the world’s largest economy), the practical aim of this course is to have students squarely confront the reality of how to navigate U.S.-China political and economic tensions in their future business roles. It’s an MBA elective taught by a public policy practitioner, and thus will have a decidedly “real-world” feel.

Target Audience: This course is suitable for any student interested in understanding and analyzing: (1) the overall relationship between business, governments, and society; (2) U.S.-China political tensions and their impact on how businesses operate; and (3) the fundamental questions that China’s economic rise poses for the global system.

This course is designed to teach students how to understand and respond to the realities of the U.S.-China political landscape, which can affect business decisions and can also be shaped by business leaders. The course will not turn students into experts on how to do business in China or into experts on the Chinese economy.

Course Pre-requisites: No prior knowledge or experience with China’s business environment is required. Before, during, and after the course, I encourage students to broaden their current events reading beyond the financial and business press (such as the FT, Wall Street Journal, and the Economist) and to start reading publications like Foreign Affairs to understand broader geopolitical issues.

Schedule: Fall 2013, 6-week session; days/time TBD.
Assignment Components & Grading:
This course is designed to make students think about and analyze complex situations in the real world; there are no right or wrong answers to memorize. Every student should expect to contribute to class discussion and be an active participant. 25% of the course grade will reflect the quality of a student’s class participation.

65% of the course grade will reflect two take-home assignments, each weighted equally. These assignments will consist of five-page memos to a corporate CEO about a specific hypothetical situation that tackles the themes discussed in class.

10% of the course grade will reflect one-page assignments that are due prior to each of the three class sessions that are focused on discussing a specific case study.

The Stern Honor Code applies to this course. Being late to class, using cellphones or browsing the internet in class, or any other behavior that disrupts class are inappropriate and will affect a student’s overall grade.

Course Outline – Topics, Readings, & Assignments: This course will combine some academic readings, three case studies, and real-time reading material (from financial media, foreign policy research outlets, think tanks, etc.). If current events focus on notable U.S.-China issues during the semester, they will be featured in class discussions; there will be an expectation that students will follow major China-related news stories. The course may include 1-2 special discussion sessions with an outside lecturer from the policy world.

Session I: How China Became “China Inc.”
- How should we see the evolution of the Chinese economy? What are the strengths and weaknesses of the Chinese system, and what does it imply for how business works there?

Required readings:

Session II: Who’s More Powerful – Party Secretary or CEO?
- How should we understand and interpret the central role of politics in the Chinese system? How can we factor this reality into business decision-making?

Required readings:
1-PAGER CASE STUDY-RELATED ASSIGNMENT DISTRIBUTED

Session III: Corporate Values & Interests in the Real World
• What were the choices confronting Google in 2010 when its values and interests came into conflict with the reality of doing business in China?

Required readings:
• **Case Study:** Jeanne Brett, Lauren Pilcher, and Lara Christina Sell, “A New Approach to China: Google and Censorship in the Chinese Market.” Kellogg School of Management, KEL590.

1-PAGER CASE STUDY-RELATED ASSIGNMENT DISTRIBUTED

Session IV: Taking a Step Back: It’s Not Just China…
• How should we interpret the political uproar in the United States over the Dubai Ports deal? What does it teach us about real-world politics?

Required readings:
• **Case Study:** Julio J. Rotemberg, “The Dubai Ports World Debacle and Its Aftermath.” Harvard Business School, 9-707-014.

1-PAGER CASE STUDY-RELATED ASSIGNMENT DISTRIBUTED

Session V: Is All Politics Local?
• When policymakers have to manage competing political interests, does that alone explain the choices they make? How important is public pressure and perception? How important are the roles of chance and timing in political outcomes?

Required readings:
• **Case Study:** Ka-Fu Wong, “Unocal Corporation: China’s Unwelcome Bid.” University of Hong Kong.

TAKE-HOME ASSIGNMENT #1 DISTRIBUTED

Session VI: Now We’re Getting Serious
• How do national security concerns factor into the operating climate for businesses? How should business leaders assess the geopolitical concerns of nations?

Required readings:

TAKE-HOME ASSIGNMENT #2 DISTRIBUTED