COURSE GOALS

This course covers the economic development and market structure of various Asian and emerging economies. The course is designed to cover many of the most important emerging markets in the world. Asia receives specific focus given its size and pivotal role in the world economy, but markets in Latin America, Africa, Eastern Europe and Middle East also receive coverage. Emerging markets are now responsible for the lion’s share of world GDP growth. Success in them is critical the strategies of multinational firms and they are an important part of most investment portfolios.

The course attempts to answer a number of important questions about these markets. What are the drivers for growth and economic potential of each state? What role does the government and the state owned sector play in business? How does politics impact markets, especially for foreign firms? How do financial markets and corporate governance vary and what impact do they have on firms? What are the key challenges facing these states today and likely to see in the future?

For the purposes of this course, “Asia” consists of China, South Korea, Taiwan, Hong Kong, and the nations of Southeast Asia belonging to the Association of Southeast Asian Nations (ASEAN) as well as India. These economies span a very wide range of levels of development, economic structure, historical experience, and government policies. The course does NOT include the rest of South Asia (Pakistan, Bangladesh, etc.) or Central Asia (the “stans”) other than a discussion of India’s development model and then an India-China comparison.

COURSE MATERIALS

There are two required items for this course, available at the bookstore:

All other materials will be online or handed out in class.

TEACHING PHILOSOPHY

Although this is primarily a lecture course, I am hopeful that we can have extensive class discussion. To that end, it is important to complete the assigned readings prior to coming to class. The readings are designed to provide you with both a general background, and greater specifics on certain issues than I can present in class.

RESPONSIBILITY, CONDUCT AND ATTENDANCE

I presume that we are all adults. There are several implications of this:

- As a teacher I have the responsibility to organize and present the material and to facilitate your learning.
- As a student you have responsibility for your own learning.

Honor Code: I expect you to adhere to the Stern MBA Code of Conduct.

Students are allowed two absences without explanation. After that, I expect all students to be present for class, or to contact me ahead of time if you will be unable to attend. If you cannot attend a particular class session, please let me know in advance. If you must arrive late or leave early, you must do so as quietly as possible. No cell phones should be audible during class sessions, and text messaging and emailing during class is not permitted.

GRADING

The course grade will be based on the following items:

- Presentations: 20%
- Class participation: 10%
- Short Paper (in place of midterm): 30%
- Final Exam: 40%

PARTICIPATION

Participation is a critical part of a seminar and a part of your grade. If needed, the Professor will divide up reading assignments so all students can serve as discussion leads for particular classes.

PRESENTATIONS

In roughly the second half of the course, we will have presentations. Students may form their own teams and will be able to express preferences for topics/presentation times. The majority of these presentations will focus on country analysis and a few will look at general issue areas for the region. These presentations are designed to replicate the kind of basic market analysis you might expect to do in a raise of corporate positions in your careers.

While group presentations are a very useful part of the MBA education, I worry about the transaction costs of managing the project and making sure it adds value to students. As such, a few simple rules:
1. To limit the administrative challenges of working in groups, a little time will be reserved earlier in the course aid in group work.
2. I offer a list of topics of interest and let students select topics and presentation dates that work for them.
3. We spread presentations around the second half of the course as when we have dedicated entire sessions to presentations students find it hard to maintain focus. Again, this also tends to work better for people’s schedules and reduce the administrative burden and risks of shirking.
4. Instead, each presentation will have 10-15 minutes to present at the beginning of lectures, integrated where possible into the topic for that day. If the class is engaged, Q&A can go longer. The balance of class is lecture and discussion.

COURSE OUTLINE

Module 1: Introduction and the Asian Tigers

5/19 Class 1: Introduction and a Caution. What are emerging markets and how do they differ from more advanced economies? What are their common features and what challenges are facing? What is political risk and what can we learn from the Russian market?

Readings:
- Breakout Nations, Chapter 1 “The Myth of the Long Run”, Chapter 6 “In Russia: There is Only Room at the Top”

5/24 Class 2: Korea’s Economic Model
How did Korea succeed? What are the risks in its economy today? What sets it apart from other emerging markets? Is it a model for emulation?

Readings:
- The Miracle, Chapter 2 “Why Koreans Want to Clone a Dictator”
- Case: Two tales of One City: Samsung-Daewoo

5/26 Class 3: Taiwan and Singapore: First Movers
Contrast Taiwan’s economic model with Korea. How has it fared lately and why? What lessons can we draw about models of development? Singapore jumped from third world to first in a generation. What parts of its model are replicable if any?
Readings:

-The Miracle, Chapter 3 “Minister Mentor’s Asian Values” and 5 “Tale of Duck Eggs”
-Breakout Nations, Chapter 9 “On The Tiger Road”, Chapter 10 “The Gold Medalist”

Module 2: China

5/31 Class 4: Introduction and Developments in the 20th Century to 1980. What was China history until 1979? What were the key formative events?

Readings:

-The Miracle, Chapter 6 “To Get Rich Is Glorious”

6/2 Class 5: Macroeconomic Performance and the State, the Party and Social Stability. China enjoyed three decades of 10 percent annual growth. Why? How? What has been the role of the state and the party in the economy?

Readings:

-“China Slowdown: From a Very Big Base,” The Economist, January 10, 2015
-Richard McGregor, The Party: The Secret World of Communist Rulers, Chapters 2 and 3

6/7 Class 6: The Financial Sector, Trade, and Exchange Rates. How well do Chinese financial institutions perform? What is happening in real estate or stock markets? Is China’s currency fairly valued? Will currency and financial controls continue?

Readings:

-Shang-Jin Wei, “Why Do the Chinese Save So Much?” Forbes, February 2, 2010

6/9 Class 7: The Future of China’s Development Model. Demographics, environment, Intellectual Property Protection and Innovation, etc. To what extent can the high economic growth rate of the past three decades be maintained?

Readings:

-Mark Purdy et al, China: Beyond Capital and Labor, Accenture Report, 2014

**Short Paper Due!!**

**Module 3: India and South East Asia**

**6/14 Class 8: India’s Economic Development Model, China-India Comparison**
Why after decades of stagnation, did India’s economy take off? What are its future challenges and how do we compare it to China?

**Readings:**

*The Miracle*, Chapter 9 “The Man in the Blue Turban” and Chapter 13 “An Unexpected Journey”

**6/16 Class 9: ASEAN-Malaysia and Vietnam, Indonesia, Thailand and The Philippines**
Why after decades of stagnation, did India’s economy take off? What are its future challenges and how do we compare it to China?

**Readings:**

*The Miracle*, Chapter 7 “Father of Development” and Chapter 10 “A Does of Dr. M’s Tough Medicine”

**Module 4: Latin America, Africa and Eastern Europe**

**6/21 Class 10: Latin America and The Middle Income Trap**
Why has Latin America appeared in many cases to have been caught in the middle income trap? Why have they been so prone to financial crises? What are the political risks of investment in such countries?

**Readings:**

*Breakout Nations*, Chapter 4 “Is God Brazilian”, Chapter 5 “Mexico’s Tycoon Economy”

**6/23 Class 11: Africa, Natural Resources Economies and Rentier States.**
What are the main economic and political challenges facing Africa, the Middle East and natural resource economies more generally? How does resource curse feed into political and ethnic divisions in these states?

**Readings:**

**6/28  Class 12: Socialism, Reform and Conclusion - Eastern Europe and Turkey.**

Which states have thrived since the collapse of Communism and why? Is Turkey part of Europe and what is its economic future? How have illiberal democracies flourished in the region and what impact do they have on the business environment? What broader lessons can we learn about emerging markets?

**Readings:**

- *Breakout Nations*, Chapter 7 “The Sweet Spot of Europe”, Chapter 8 “The Monophonic Voice of Turkey”