COURSE GOALS

This course will cover the economic development and current structure of Asian economies, as well as the rise of regional economic interaction and institutions with a focus on East Asia and India. For the past several decades (and earlier for Japan) the region has been the most vibrant in the world in terms of economic growth. The experience of these countries also provides interesting challenges to some of the usual assumptions about how economies and corporations should be organized and governed in order to be successful. When, why, and how did these economies begin the process of economic development? Why have many of them been so successful at growing and industrializing quickly? How do these economies operate today? How does the government interact with the economy? How do firms behave (including both internal governance/structure/behavior and competition in the marketplace)? What problems will confront these countries in the future and what issues that will be important for you to understand as you enter the world of business? In addition, evolution of a regional policy dialogue and the proliferation of bilateral and sub-regional free trade agreements, provides an opportunity to examine important issues related to exchange rate policy, regional trade preferences, and macroeconomic policy coordination.

For the purposes of this course, “Asia” consists of Japan, 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.

The course will be divided into 3 main segments of roughly equal length: Japan and the Asian Tigers, China, and Southeast Asia and India (with foreign policy).

COURSE MATERIALS

There are one require item 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 teachers 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 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: Intro, Japan and the Asian Tigers**

**Class 1: Introduction.** What is East Asia and why is it interesting? The record of high growth and successful economic development and common trends in the region. Japan Intro - The process of industrialization. What is the necessary foundation for modern economic growth? How did Japan manage to catch up with the advanced industrial nations? Growth accounting, changes in macroeconomic balances, the role of productivity, demographics, education, etc.

**Readings:**

*The Miracle*, Chapter 1 “The Radio That Changed the World”
Class 2: Japanese Industrial policy, Finance and Corporate Governance. What did/does the government do to encourage economic development. Did it matter or not? Who controls Japanese companies, and how does this affect their behavior in Japan? The company as family and the implications for labor practices, mergers and acquisitions, etc. How is the Japanese model changing?

Readings: The Miracle, Chapter 8 “Mr. Thunders American Dream”
Excerpt from Richard Katz, Japan: The System That Soured

Class 3: Future of Japan, Nomura Case
Readings: Soon Young Choi, “Nomura’s Transformation: Two Years Following the Acquisition of Lehman Brothers,” Korean Capital Market Institute, 2011

Class 4: Korea’s Economic Model (and discussion of the Future of Japan and Korea)
Readings: The Miracle, Chapter 2 “Why Koreans Want to Clone a Dictator”, Excerpts from Chapter 11 (on NYU Classes)

Class 5: Taiwan, Singapore and Hong Kong: First Movers
Readings: The Miracle, Chapter 3 “Minister Mentor’s Asian Values”, Chapter 4 “Early Days” and 5 “Tale of Duck Eggs”
Module 2: China


Readings: Barry Naughton, Excerpt on China Reform
The Atlantic, The Nine Nations of China
*The Miracle*, Chapter 6 “To Get Rich Is Glorious”

Short Paper Due!!!

Class 7: Macroeconomic performance and The State, the Party and Social Stability. Three decades of 10 percent annual growth. Why? How? What has been the role of the state and the party in the economy?


Class 8: The financial sector, Trade, ForEx and Wages. What role does the state continue to play? How well do Chinese financial institutions perform? What impact would a collapse in real estate prices have? Trade Conflicts and Exchange Rates, Can China’s factories compete as wages increases?

Excerpt from Peter Hessler, *Country Driving: A Journey from Farm to Factory* (How local government fund themselves)

Class 9: 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:
Module 3: India, ASEAN Between the Giants and Foreign Policy

Class 10: India’s Economic Development Model, China-India Comparison
Readings: *The Miracle*, Chapter 9 “The Man in the Blue Turban”
*The Miracle*, Chapter 13 “An Unexpected Journey”

Class 11: Malaysia and Vietnam, Indonesia, Thailand and The Philippines
Readings: *The Miracle*, Chapter 10 “A Does of Dr. M’s Tough Medicine”
*The Miracle*, Chapter 7 “Father of Development”
Andy Mukherjee, “After China, Vietnam Will be World’s Factory,”
*Bloomberg News* December 5, 2007

Class 12: The Asian financial crisis, The Foreign Policy Implications of the Rise of China and North Korea
Massive exchange rate depreciation and sharp recession. How could this have happened? How is China a Fragile Superpower? What does the Rise of China mean for Asia?

Readings: *The Miracle*, Chapter 11 “Every Street is Paved With Debt”