

BRANDEIS INTERNATIONAL BUSINESS SCHOOL

**Econ 253a, Fall 2012**  
**Asia: Center of the World Economy**  
**Syllabus (September 17, 2012)**

**CONTACT INFORMATION**

Professor Peter A. Petri

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Office hours: Tuesdays, 3:00-5:00.

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**COURSE DESCRIPTION**

With half the world's population, one quarter of its output, and twice its growth rate, Asia is becoming the center of the world economy. The course examines what is "different" about the economics of Asia, and the companies, investments and policies that account for its dynamism. This course is offered once every two years.

**LEARNING GOALS**

Why is studying Asia important?

- As a global citizen, you will gain insight into how this extraordinary economic machine works and interacts with the rest of the world.
- As a prospective investor or manager, you will analyze Asian business practices, the opportunities Asia offers, and the competition it brings to world markets.
- As a prospective policy maker, you will assess how Asia's rise is shaping the rules of world trade and finance. Global cooperation will be essential in many areas, yet Asia and the West disagree on issues such as intellectual property rights, environment, agriculture, labor, finance, and the regulation of sovereign wealth funds.

The class will address these topics with *lectures* by the professor and visiting experts on theory, policy and strategy; *case discussions* that use the analytical framework to explore "real world" decisions; and *assignments and presentations* to familiarize you with "country work," that is, the analysis done by key institutions that operate in Asia. These exercises will emphasize the goals of the presentations depending on the institution, their format, data sources, priorities, and internal logic. Readings will be eclectic, including business school case studies, academic papers, reports from international organizations, think tanks and investment banks, and media articles. You will be expected to attend every class session well prepared and will be graded for participation.

**ACADEMIC HONESTY**

Students are expected to be honest in all academic work. The University policy on academic honesty is distributed annually as section 5 of the Rights and Responsibilities handbook. Instances of alleged dishonesty will be forwarded to the Office of Campus Life for possible referral to the Student Judicial System. Potential sanctions include failure in the course and suspension from the University. If you have

any questions about these expectations, please ask. Academic dishonesty will not be tolerated and will be rigorously prosecuted.

## **LAPTOPS AND SPECIAL ACCOMMODATIONS**

There will be no open laptops or other electronic communications devices allowed during lectures, discussions and exams. Exceptions must be negotiated with the professor directly, based on a letter from the University's *Coordinator of Disabilities Services and Support*.

If you are a student with a documented disability on record at Brandeis University and if you wish to have a reasonable accommodation for this class, please see the professor immediately. Accommodations will not be provided retroactively.

## **GRADING**

- Class Participation/Preparation (30%)
- Assignments (40%)
- Midterm Exam (30%)

## **ASSIGNMENTS**

Students will participate in writing a joint blog, with each student required to contribute two short pieces (roughly 500-800 words) during the course of the semester.

Students will complete three short projects involving a country selected at the beginning of the semester:

1. Case for a loan for a high priority project (based on a short country profile, country policy priorities, and an actual recent ADB loan).
2. Proposal for a private-sector investment project to an equity fund, such as those sponsored by the International Finance Corporation (based on an actual or hypothetical company, comparable to similar past investments).
3. Growth projection and risk analysis (based on historical data and a growth model).

Each assignment will result in a power point submission and a presentation. Details will be provided online.

## **READINGS**

The course website is on the University's LATTE system and will be used extensively for communicating assignments, readings and changes in schedule or the syllabus. Students should check the site frequently. Readings will be often in PDF form, typically with several shorter readings collected into a packet that accompanies a specific lecture or case. To read PDF files, install Adobe Acrobat Reader on your computer: (<http://www.adobe.com/products/acrobat/readstep.html>)

The main readings not provided online are cases for purchase and download from the Harvard Business School Publishing website. The LATTE site for the course has a link to the HBS page. The first batch of cases, those that will be covered before the Midterm Exam, is available at the start of the semester. A second batch will be made available at the time of the exam for the second half of the semester. (This permit us to adjust the content of the course due to unexpected events or student interest.) Instructions for purchasing the cases are on LATTE.

## Course Schedule

Date	Topic	Readings	Assignments
I. The Asian Miracle: what was it, will it continue?			
Aug 30 Th	LECTURE: A bird's eye view of Asia	<i>Birdseye Asia</i> (PDF packet) <ul style="list-style-type: none"> <li>- Friedman, "A Biblical Seven Years," 2008.</li> <li>- Mahbubani, "Ringing in the Asian Century," 2008.</li> <li>- Lieberthal and Wang, "U.S.-China Strategic Distrust," 2012.</li> </ul>	
Sep 4 T	CASE: Finding the center of Asia	<i>The Women's Tennis Association in Asia</i> (Ivey 910M26) <ul style="list-style-type: none"> <li>- Wikipedia, "Economy of Asia," 2012.</li> </ul>	
Sep 6 Th	LECTURE: Was it really a miracle?	<i>The miracle debate</i> (PDF packet) <ul style="list-style-type: none"> <li>- ADB/Petri, "Ch. 2. Context and Scope," 2008 (pp. 26-39 only)</li> <li>- Petri, "Growth accounting," 2010.</li> <li>- Krugman, "The Myth of Asia's Miracle," 1994.</li> <li>- Stiglitz, "From Miracle to Crisis to Recovery," 2001.</li> </ul>	
Sep 11 T	LECTURE: Asia 2030	<i>Petri, "Asia and the World Economy in 2030," 2010.</i> <i>Asia 2030</i> (PDF packet) <ul style="list-style-type: none"> <li>- Petri, "Can Asia grow fast on its own?" 2012.</li> <li>- Krugman, "Will China break?" 2011.</li> </ul>	
Sep 13 Th	CASE: China rises	<i>To get rich is glorious</i> (HBS 9-707-022)	
Sep 18 T	No class		
Sep 20 Th	No class		
Sep 21 F 11:00 am	SPECIAL LECTURE: Dr. Taeho Bark, Minister of Trade, Republic of Korea		
Sep 25 T	LECTURE: Asia and the financial crisis	ADB, <i>Asian Development Outlook 2012</i> (Chapter 1 only) <i>Global crisis</i> (PDF packet) <ul style="list-style-type: none"> <li>- Lardy, "China's Recovery from the Global Recession," 2010.</li> <li>- Kaiman, "China's Debt Bomb," 2012.</li> </ul>	
Sep 27 Th	LECTURE: Analytics of Asian economies	<i>Relationships</i> (PDF packet) <ul style="list-style-type: none"> <li>- Rajan and Zingales, "Which capitalism? Lessons from the East Asian crisis," 1998.</li> </ul>	

		<ul style="list-style-type: none"> <li>- Fukuyama, “Social Capital and Development,” 2002.</li> <li>- Mahbubani, “From Confucius to Kennedy,” 2007.</li> <li>- Wang et al., “Dangerous Liaisons,” 2012.</li> </ul>	
Oct 2 T	CASE: From relationships to markets	<i>Daewoo and the Korean Chaebol</i> (HKU143)	
Oct 4 Th	LECTURE: The Beijing Consensus	World Bank and DRC, <i>China 2030</i> , 2012. <i>Trade and development strategy</i> (PDF packet) <ul style="list-style-type: none"> <li>- Irwin, “History of Trade Policy,” 2008.</li> <li>- Petri, “Summary of Washington Consensus” 2010.</li> <li>- Williamson, “Is the ‘Beijing Consensus’ Dominant?” 2012.</li> </ul>	
Oct 9 T	No class		#1 ADB policy loan
Oct 11 T	No class (replaced by Sep 21)		
Oct 16 T	STUDENT PRESENTATIONS	Country policy loans (Assignment #1)	
<b>II. The Asian economic landscape: is there a common development model?</b>			
Oct 18 Th	CASE: Where things are made	<i>Yu Yuen Holdings: Site Selection</i>	
Oct 23 T	EXAM (based on section I topics)		
Oct 25 Th	CASE: Selling people	<i>Peoplepower in the Philippines</i> (HBS 9-706-052)	
Oct 30 T	CASE: Getting everything wrong	<i>North Korea</i> (PDF packet) <ul style="list-style-type: none"> <li>- Haggard and Noland, “Pyongyang attacks the market,” 2010.</li> <li>- Wolf and Akramov, “Costs of reunification,” 2005.</li> <li>- See, “An East Asian Development Fund for North Korea.”</li> </ul>	
Nov 1 Th	CASE: Infrastructure	<i>Financing the Theun-Hinboun Hydro</i> (HKS183)	
Nov 6 T	CASE: Investing in resources	<i>NFC in Mongolia</i> (Tsinghua-Ivey 909M09)	
Nov 8 Th	CASE: Contract manufacturing	<i>Foxconn v BYD</i> (HKU908)	
Nov 13 T	CASE: Moving up	<i>Remaking Singapore</i> (HBS 9-710-483)	
Nov 15 Th	CASE: Falling down	<i>Japan: Deficits, Demography, Deflation</i> (HBS 9-706-004)	#2 Investment project
Nov 20 T	STUDENT PRESENTATIONS	Country investment projects (Assignment #2)	
<b>III. Where next? Asia’s options at home and abroad.</b>			
Nov 23 Th	No class		

Nov 27 T	DISCUSSION: An Asian development model?	Review country cases in sections I and II.	
Nov 29 Th	LECTURE: Asia's complicated future	ADB, <i>The Great Transformation</i> , 2012. World Bank-DRC, <i>China 2030</i> , 2012.	
Dec 4 T	LECTURE: Asia-Pacific economic integration	ADB, <i>Emerging Asian Regionalism</i> , 2008. ASEAN, <i>Economic Blueprint</i> . 2007.	
Dec 6 Th	CASE: Trans-Pacific Partnership	<i>The Trans-Pacific Partnership</i> (PDF Packet) - Barfield, "A Model for 21 <sup>st</sup> Century Trade Agreements?" 2011. - Petri and Plummer, "The Trans-Pacific Partnership: Policy Implications," 2012. - Bhagwati, "America's Threat to Trans-Pacific Trade," 2012.	#3 Growth projection
Dec 11 T	STUDENT PRESENTATIONS	Country growth projections (Assignment #3)	