Instructor: Professor K.C. Fung  
Professor of Economics,  
University of California, Santa Cruz  
Visiting Professor  
University of Hong Kong

Course Description:

This is an advanced Master-level course that studies the various important and timely aspects of selected Asian economies. The topics include economic reforms and structural changes, international trade, foreign direct investment, economic growth, high technology and innovation, etc.

K.C. Fung was a senior economist at the White House Council of Economic Advisers (CEA) during the George H.W. Bush and Bill Clinton Administrations. He received a letter of commendation from the U.S. President. He was also an academic advisor to the United States International Trade Commission (USITC) from 2006 to 2010 (George W. Bush and Obama Administrations). He was an academic expert to a U.S. government project related to the economic national interest of the United States in 2011 and 2012 (Obama Administration). In 2015 and in 2016 (Obama Administration), he was working with the United States Trade Representative (USTR), researching on and promoting issues related to international trade.

K.C. Fung was an academic partner and a research consultant to the World Trade Organization (WTO) from 2004 to 2007. He was a Senior Research Fellow at the Bank of International Settlements (BIS) in 2007. He was an academic consultant to the World Bank in 2012 and 2013. He was an academic consultant to the OECD in 2013 and 2014.

K.C. Fung was a Visiting Fellow at Bruegel in 2007. In 2016 and previously in 2012 and 2008, he was a Visiting Researcher at the Bank of Finland. In 2010, he was a Visiting Professor at the University of Le Harve, France.

He is currently a Professor of Economics at the University of California, Santa Cruz and a Visiting Professor at the University of Hong Kong. He also taught at Stanford University, University of Wisconsin-Madison and Mount Holyoke College.

Countries to be examined include the four largest Asian countries (based on current official or market exchange rates), Japan, China, India and South Korea; other selected Asian tigers, Hong Kong, Taiwan and Singapore; and selected common economic issues such as U.S.-Asia economic relationships, multinationals and company strategies, trade in parts and components, high technology sectors and clusters in Asia, foreign direct investment in Asia. Asian linkages and comparisons with Latin America and Europe will also be examined.
Aims:
(1) Gain an understanding of the relationships and growth experiences of East Asian economies
(2) Learn some of the innovation activities in East Asian economies
(3) Understand the interplay of the state and market in affecting economic performances in the East Asian economies
(4) Attain a critical appreciation of why different economies in East Asia pursue different development, trade and investment strategies

Course Intended Learning Outcomes (CILOs) and Alignment with Programme Learning Outcomes (PLOs):

<table>
<thead>
<tr>
<th>CILOs: On completing the course students will be able to:</th>
<th>Alignment with PLOs</th>
</tr>
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<tbody>
<tr>
<td>1 Understand, analyze and critically interpret concepts and ideas related to trade, investment and development in East Asian economies</td>
<td>PLO1, PLO2, PLO3, PLO4, PLO5</td>
</tr>
<tr>
<td>2 Understand, analyze and critically think about issues related to government policies and the economics of East Asian members</td>
<td>PLO1, PLO2, PLO3, PLO4, PLO5</td>
</tr>
<tr>
<td>3 Understand, analyze interpret and think critically about the various economic systems adopted by East Asian economies</td>
<td>PLO1, PLO2, PLO3, PLO4, PLO5</td>
</tr>
<tr>
<td>4 Understand, analyze and critically think about issues of development, trade, investment and innovation and how these relate to human development in East Asia</td>
<td>PLO1, PLO2, PLO3, PLO4, PLO5</td>
</tr>
</tbody>
</table>

Teaching and Learning Activities (TLAs):

<table>
<thead>
<tr>
<th>TLA1</th>
<th>Lecture</th>
<th>Instructor will give lectures on major concepts and issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>TLA2</td>
<td>Discussion</td>
<td>Instructor will organize in-class discussions</td>
</tr>
<tr>
<td>TLA3</td>
<td>Consultation</td>
<td>Instructor will hold weekly consultation hours to answer students’ questions</td>
</tr>
</tbody>
</table>

Assessment Tasks:

<table>
<thead>
<tr>
<th>Assessment Method</th>
<th>Assignment</th>
<th>Weighting</th>
<th>Alignment with CILOs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Written paper</td>
<td>Expository Essay</td>
<td>50</td>
<td>1, 2, 3, 4</td>
</tr>
<tr>
<td>Final Examination</td>
<td>2-hour written examination</td>
<td>50</td>
<td>1, 2, 3, 4</td>
</tr>
</tbody>
</table>

For this course, there are two assessment requirements:
(1) A written paper of 1500 words (50%)
(2) A written 2-hour comprehensive final exam (50%)
The course grade is determined by the sum of the two requirements.

Written Paper
The written paper should focus on examining a specific topic discussed in the course. The paper should be a critical examination of an issue studied in the course using materials supplied by the instructor. Students are encouraged to augment the class materials by using outside research articles. To prepare for the paper, students may consult with the professor for advice in deciding on a topic. Place footnotes and references at the end of the paper so that they can be excluded from the word count. Appendices are allowed and can be submitted.

Final Exam:
The final exam will be scheduled in the Assessment Period and will be essay-based. Students will choose to answer three out of five questions. The questions will be based on materials taught in class.

Alignment Among Course Intended Learning Outcome, Teaching and Learning Activities and Assessment Tasks:

<table>
<thead>
<tr>
<th>Learning Outcome</th>
<th>Teaching and learning activity (TLA)</th>
<th>Assessment Tasks</th>
</tr>
</thead>
<tbody>
<tr>
<td>CILO1</td>
<td>TLA1, TLA2, TLA3</td>
<td>In-class exam and written paper</td>
</tr>
<tr>
<td>CILO2</td>
<td>TLA1, TLA2, TLA3</td>
<td>In-class exam and written paper</td>
</tr>
<tr>
<td>CILO3</td>
<td>TLA1, TLA2, TLA3</td>
<td>In-class exam and written paper</td>
</tr>
<tr>
<td>CILO4</td>
<td>TLA1, TLA2, TLA3</td>
<td>In-class exam and written paper</td>
</tr>
</tbody>
</table>
Standards of Assessment for both the written paper and in-class exam:

<table>
<thead>
<tr>
<th>Grade</th>
<th>Course Grade Descriptor</th>
</tr>
</thead>
<tbody>
<tr>
<td>A+, A, A-</td>
<td>Strong evidence of superb ability to fulfill the intended learning outcomes of the course at all levels of learning: describe, apply, evaluate and synthesis.</td>
</tr>
<tr>
<td>B+, B, B-</td>
<td>Strong evidence of ability to fulfill the intended learning outcomes of the course at all levels of learning: describe, apply, evaluate and synthesis.</td>
</tr>
<tr>
<td>C+, C, C-</td>
<td>Evidence of adequate ability to fulfill the intended learning outcomes of the course at low levels of learning; such as describe and apply, but not at high levels of learning such as evaluate and synthesis.</td>
</tr>
<tr>
<td>D+, D</td>
<td>Evidence of basic familiarity with the subject.</td>
</tr>
<tr>
<td>F</td>
<td>Little evidence of basic familiarity with the subject.</td>
</tr>
</tbody>
</table>

COURSE SYLLABUS:

Readings:

Lecture materials, slides and most readings will be electronically distributed. Some of the readings include:


“A Comparative Analysis of Trade and Economic Integration in East Asia and Latin America,” Nathalie Aminian, K.C. Fung and Francis Ng, Economic Change and Restructuring, 2009.


Course Outline:

Topic 1. Introduction: Broad Economic Trends in the Economies of East Asia; Economic Relationships with the United States


Topic 2. Large Asian Economies I: The Japanese Economy

2.1 Overview
2.2 Japan’s Industry Structure, Trade and Exchange Rate


2.3 Japan’s Labor Market and the J-Firm


"Japanese Firms," by Koji Taira, mimeo.

Additional Reading Materials:


"European Union (EU) Research and Development: A Comparison with Japan, the United States and China," Bruegel Policy Brief, 2008, Brussels: Belgium, download from:


2.4 Applications

2.4.1 U.S.-Japan Economic Issues

White House Council of Economic Advisers (CEA): Reclassification of Japanese Multipurpose Vehicles, Executive Office of the U.S. President, Washington, D.C., USA


 Structural Impediment Initiatives (SII), Interagency Negotiations with the Government of Japan, Notes by K.C. Fung, Executive Office of the President, Washington, D.C., U.S.A.

2.4.2 WTO Training of Government Officials from the Asia/Pacific


2.4.3 Other Applications

“Japan: The Setting Sun?” by Malcolm Foster, December 27, 2010


“Shunto in Japan,” Economist, March 2008

"In Japan, Secure Jobs have a Cost," by Hiroko Tabuchi, May 2009

"Fertility Rates in Japan," Japan Brief/FPCJ, No. 0931 June 10, 2009


Topic 3. Large Asian Economies II: The Chinese Economy

3.1 Overview

Lecture Slides on the Chinese and East Asian Economies, 2017, Lawrence J. Lau

Lecture Slides on China and the Global Supply Chain, 2011, K.C. Fung, Stanford University

Reading Materials:


Barry Naughton, Chapter 4, Chapter 6, Chapter 15.


3.2 External and Other Aspects of China

Reading Materials:

Barry Naughton, Chapter 16, Chapter 17, Chapter 20.


3.3. Applications:

3.3.1. U.S. – China Economic Issues

http://www.uscc.gov/hearings


White House Council of Economic Advisers (CEA), China 301 Market Access, Executive Office of the President, Washington, D.C.


3.3.2. Other Applications

Presentations to the OECD, Paris: France, June 2014, K.C. Fung

Presentation to the World Trade Organization, WTO, Geneva: Switzerland, June 2013, K.C. Fung

China and Latin America, 2012, K.C. Fung and Alicia Garcia-Herrero

Topic 4. Large Asian Economy III: The Indian Economy

4.1 Overview


4.2 External and Labor Market Aspects of the Indian Economy


“India: The Emerging Giant” by Arvind Panagaria, YouTube http://www.youtube.com/watch?v=rGnGHfYscec

4.3 Applications:

United States Trade Representative (USTR), Interagency Report on Review of Trade and Investment Policies: India, Washington, D.C.

**Topic 5. Large Asian Economy IV: The South Korean Economy**

5.1 Overview

Lecture Slides on the South Korean Economy 2017, by K.C. Fung

Lecture Notes on the Economic Development of South Korea 2017, K.C. Fung

5.2 Growth and Management Aspects of the Korean Economy


Economic Models of Industrial Policies: East Asia, lecture notes, K.C. Fung.

5.3 Application:

Antidumping and DRAMs, Clinton Administration, Government of the United States, Washington, D.C.

Aggressive Legalism: Changing Legal Behaviors of South Korea and Japan in the WTO, World Trade Organization, WTO, Geneva: Switzerland

**Topic 6. East Asian Trade and Investment**

6.1 Production Network, Foreign Direct Investment and Regional Integration


"EU and East Asia--the Third Link" Bruegel Discussion Paper 2006, Brussels, Belgium:


6.2 Applications:


**Topic 7. High Technology in Asia**

Henry Rowen, Marguerite Gong Hancock and William Miller ed.,

Chapter 1, “An Overview” by Henry Rowen

Chapter 2, ”Stability and Change in the Japanese System,” by Ken-ichi Imai

Chapter 4, ” Hsinchu, Taiwan: Asia’s Pioneering High-Tech Park,” by Chintay Shih, Kung Wang, and Yi-Ling Wei

Chapter 5 “The Re-Making of Singapore’s High-Tech Enterprise Ecosystem” by Poh Kam Wang

Chapter 8 “Entrepreneurship: The True Story Behind Indian IT” by Rafiq Dossani

**Topic 8. Economic Growth in Asia**

“The Myth of Asia’s Miracle”, by Paul Krugman
