

**PORTLAND STATE UNIVERSITY
MASTER OF INTERNATIONAL MANAGEMENT PROGRAM**

**MIM 513: Pacific Rim Economies, Trade, and Financial Markets
(Fall 2013)**

Course Time and Place: Wednesday 17:30 – 22:00 & BA 140

Instructor:	Hiro Ito, Professor of Economics
Office:	Cramer Hall 241-F
Email:	ito@pdx.edu
Phone:	x5 – 3930
Office Hours:	W 15:00 – 17:00 at Cramer Hall 241-F, or by appointment

1. Course Objective

To make business decisions, it is important to know about the market you are targeting. Especially when you are exploring a new market in a foreign country, it is extremely important to be familiar with the backgrounds of the market in terms of their history, social and cultural setting, and political and economic situations.

This course is purported to help you get familiar with the economic situation surrounding the Pacific Rim economies, particularly, East Asia. The economic development in this region has taken quite a different path from the experience of the Western economies. If one expects the dynamics of the market or the role of the government with respect to economic activities in the East Asian region to be similar to that in the United States or Western countries, s/he will easily make a mistake in business decision making.

This course covers key topics in the economic development of East Asia in a way that you will become familiar with the contemporary economic issues in East Asia, particularly, Japan, China, and South Korea.

In this course, we will apply simple economic theory to understand contemporary and past economic events for the economies of our interest. For that, in addition to economic theories, we will examine historical, political, and social background in respective economies.

We start with discussing the experience of the Japanese economy in the last forty years. The Japanese experience is a good case study that allows us to observe the role of the government in economic development, which was once praised by other countries as a new development model. However, it is also the government's involvement in economic development that eventually led the economy to experience a two-decade long recession. After all, undoubtedly, the Japanese experience provides important lessons for other economies, especially those in East Asia.

We also carefully examine the ongoing miraculous growth in China. In the Chinese development,

the government has also played an important and even stronger role. Now that it is the second largest economy, after surpassing Japan, the Chinese economy has so much influence on the rest of the world economy. However, its rapid economic growth with excessive government involvement in the economy as well as rapid transition from a communist, planned economy to a market-oriented one has created much stress in the system. Also, the wealth arising from the rapid transformation does not seem to be shared equally among Chinese people. The rest of the world has been nervously observing the development in China.

We also briefly look at the experiences of South Korea and Taiwan. These two economies have also gone through rapid and impressive economic development while, like in the Japanese and Chinese cases, the government has played an important role. However, the geographical environment and the size of the economies are clearly different for these two economies.

Throughout the course, we carefully examine the commonalities and differences among the economies of our interest in terms of their economic development and its influence on other parts of the world. To create a most effective learning environment, students are strongly encouraged to participate in the class.

2. Course Material

There is a *required* reading packet that is available at Clean Copy, 1704 SW Broadway, (503) 221-1876 (copyright@clean-copy.com). Other lecture notes and copies of journals and newspaper/magazine articles are occasionally distributed in class or posted on the course website http://web.pdx.edu/~ito/MIM513_syllabus_f13.htm .

We will also use articles from Harvard Business Publishing. Check your email (which you registered for the MIM program). You will receive an email from HBS regarding how to create an account with HBS and have access to the articles available from this publisher. There is a folder called “MIM513” which includes all the articles that are either required or optional readings for this course. To read the articles, you need to purchase them.

3. Accommodations

If you are registered with the PSU Disability Resource Center as requiring a special accommodation, please let me know immediately. In fact, it is a university policy that you must be registered at the Center in order to get some sort of accommodation. If you inform me of your need to get accommodation after an exam, I will not be able to consider it in grading your exam. PSU policies on accommodations can be found in the Disability Resource Center Handbook (<http://www.ess.pdx.edu/iasc/drc/handbook.pdf>).

4. Classroom Policy and Attendance

I expect you to be a responsible citizen in the classroom. Please be considerate of others while in class. Please turn off your cell phone, or anything that makes a sound. Class attendance is expected and checked regularly. *Do not come in late, and do not leave the room in the middle of the class.* It is not only distracting to others, but also to yourself. If you must miss a class, come in late, or leave early, you should talk to me in advance. Please come to class prepared to stay for the full class period. Keep in mind that lecture notes and the textbook will not give you all the

information you need for the homework assignments and the exams. I often base questions for the homework assignments and the exams on what I lecture in class.

5. Grading

Your grade will be determined as follows:

30%	3 take-home quizzes
30%	2 In-class presentations
30%	2 papers for each of the presentations
10%	Class participation

6. Assignments

Presentation and Paper Assignments

You are supposed to conduct group presentations. Below, there is a list of presentation topics and scheduled dates. *You are supposed to choose one from the first six topics and another from the second six.* This means that you will present *twice*. You will work on these assignments as a group and each group will be composed of 5-6 people.

List of research topics and dates:

1. Honda and Japan's industrial policy (10/9)
2. Sanyo, peculiarity of Japanese consumers, overinvestment (10/9)
3. LTCB and Japan's banking crisis (10/16)
4. Livedoor: Who owns a firm in Japan? The management or the shareholders? (10/16)
5. Huawei (10/23)
6. Lenovo and the government (10/23)
7. China Investment Corporation (10/30)
8. U.S. QE3, China, and its slowdown (10/30)
9. "The IMF Crisis" in Korea (11/6)
10. Korean IT revolution (11/6)
11. Hon Hai Precision Industry Foxconn (11/13)
12. Overall of the Vietnamese Economy (11/13)

You will conduct research on the topic you choose. On the assigned date, you are supposed to give a presentation as a group. Please follow the following rules:

- A presentation is supposed to last no longer than 35 minutes.
- A week before your presentation, you are required to assign at least one reading to your classmates. The assigned reading does not have to be an academic article; it may be a magazine or journal article. A good reading should help your classmates understand your presentation better, which will also help you make a smooth presentation. A failure of assigning a reading will reduce the grade point for the presentation assignment.
- In the presentation, spend a minute or two describing who in your group worked on what kind of issue. For example, “Hiro did research on the history of Honda. Meg worked on Honda’s marketing strategy to penetrate into the U.S. market in the 1960s, ...” Make sure that one presentation slide will list individual members’ contributions to the presentation.
- Within the three days after the presentation, you must submit a summary of your research *as a group*.
- In the summary paper, one group member must write one section. Write your name following the section title you are in charge of.
- Your individual grade may differ from those of other group mates. It will be based on what you do for the presentation and write for the section you are responsible for in the summary paper, in addition to your group’s performance.
- Make sure that work load will be evenly distributed among the group members.
- The paper should have a cover page with the title of the presentation and the names of the presentation group members.
- The text should start with a paragraph with an executive summary and end with concluding remarks. In the concluding remarks section, provide prospects of the issue and/or lessons for the current business/economic environment.
- Write the summary paper in a way you would write a memo to your boss, i.e., it should be concise and clear, readable by a very busy person.
- Although each group member is responsible for one section in the summary paper, the paper should have an argument flow or any structure that would make it easier for the reader to read.
- The paper may not exceed three, single-spaced, pages.

Take-home quizzes

The purpose of these quizzes is to give opportunities for you to keep up with the assigned readings. In every other week, you are assigned a set of quizzes, which are designed in a way that you would do well on them if you keep up with the readings. The quizzes will be mostly those on concepts or definitions of the subjects covered in the reading or lectures.

No information from Wikipedia or any other online encyclopedia is allowed to use for the take-home quizzes. If you are found to have done plagiarism, the assignment will be given an F grade. If you plagiarize more than one times, you will fail in this course.

Make-ups, extra assignments, etc.

There will be no arrangement for extension of the due date or makeup assignment for both the midterm exams and the term paper. If you fail to turn in the quizzes by or on the due date

without informing me in advance without a proof regarding the nature of the emergency, you will get a zero on the grade for that portion.

6. Class schedule and reading assignments

The class schedule and reading assignments shown below are subject to change, while the dates for the presentations will not change. *The class proceeds under an assumption that you have read the assigned chapters and attempted to understand the material before the class.* However, you should feel free to ask questions in class if you have questions about the reading material or face any unclarity on the course material or class discussions. I will do my best to encourage you to raise and discuss questions. You should also make the most use of my office hours to consult on the course material or any other issues .

In the reading schedule below, “(RP)” means the articles/papers can be found in the reading packet. “(HB)” means articles from *Harvard Business Publishing*. *The class proceeds with the expectations that you have read all the articles (except for those with “optional”) by the time of the class.*

Course Schedule

Week 1 Introduction (10/2)

Theories of International Economics:

Comparative Advantage

Exchange Rate Mechanism

Reading:

Baumol and Blinder Ch. 33, 34, & 35 (RP)

Week 2 Japan’s experience: Keys to High Growth (10/9)

Presentation 1: Honda and Japan’s industrial policy

Presentation 2: Sanyo

Reading:

Mosk Ch. 10 & 11 (RP)

Wells, “Japan: The Miracle Years” (HB)

Week 3 Japan’s Bubble and Its Bust (10/16)

Presentation 3: LTCB and Japan's banking crisis

Presentation 4: Livedoor: Who owns a firm in Japan?

First takehome quiz due

Readings:

Vietor, "Japan: Deficits, Demography, and Deflation" (HB)

Krugman, "Japan's Trap" (RP)

Blanchard, excerpt from *Macroeconomics* (distributed)

Week 4 China's Economic Development (10/23)

Presentation 5: Huawei

Presentation 6: Lenovo and the government

Readings:

Chow, p. 24 – 67 (RP)

Spar and Oi (2006) "China: Building 'Capitalism with Socialist Characteristics'" (HB)

Week 5 China and the World Economy (10/30)

Presentation 7: China Investment Corporation

Presentation 8: QE3, The Euro Crisis, and China

Second takehome quiz due

Readings:

Vietor, "China Unbalanced" (HB)

Optional readings:

The Economist: Special report on the Chinese economy, May 26, 2012

Chinn and Ito (2011)

Week 6 Korea's Experience (11/6)

Presentation 9: "The IMF Crisis"

Presentation 10: Korean IT revolution

Readings:

Huang, "On the Back of a Tiger" (HB)

Krugman, "Asia's Crash" (RP)

Pill, "Financial Crisis in Asia: 1997-98" (HB)

Alfaro and Kim, "Transforming Korea Inc.: Financial Crisis and Institutional Reform" (HB)

Week 7 Asia Now (11/13)

Presentation 11: Hon Hai Precision Industry Fixconn

Presentation 12: The Economy of Vietnam

Third takehome quiz due

Readings: TBA