Economics 149
Economies of East and Southeast Asia
Mon/Wed 1:00pm-4:30pm
J Baskin Engineering 372
Summer Quarter July 31 to September 1, 2023
University of California, Santa Cruz
Professor K.C. Fung, Ph.D.

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This is an advanced undergraduate course that studies the various important and timely aspects of selected East Asian and Southeast Asian economies. The class prerequisites are Economics 1 and Economics 2.

K.C. Fung is currently a Professor of Economics at the University of California, Santa Cruz.

I previously taught at Stanford University, University of Wisconsin-Madison, Mount Holyoke College, London Business School-HKU Business School-Columbia University Business School EMBA-Global Asia Program, Seoul National University (South Korea), National Sun Yat-sen University (Taiwan), Nankai University (China), Fudan University-HKU International MBA Program (China), as well as Master of Economics and MBA Program at the University of Hong Kong. I was a Visiting Researcher at the University of Tokyo (Japan), an Invited Visiting Professor at Osaka University (Japan) and a Visiting Scholar at the National University of Singapore.

In addition to academic research and teaching activities, K.C. also has U.S. Government and International Organization experiences.

The topics to be discussed in this class include East Asian and Southeast Asian digital startups, artificial intelligence, economic reforms and structural changes, international trade, foreign direct investment,
economic growth, business management practices, innovation ecosystems and policies, climate change policies, etc.

Economic systems to be examined may include some of the largest East Asian, Southeast Asian and Asia/Pacific economies (based on current official or market exchange rates): Japan, South Korea, Hong Kong, Taiwan China, Australia; and selected common economic issues such as U.S.-Asia economic relationships, trade in parts and components, innovation sectors and clusters in Asia, climate change policies, foreign direct investment in Asia, Asian linkages and comparisons with Latin America and Europe, etc..

I will be teaching this class using a variety of approaches, including the economic approach, the business management approach as well as an international and public policy approach.

The requirements for this class include either an in-class midterm (40%), or an in-class individual or group presentation (also 40%), and one required in-class final exam (60%). If both the midterm and the in-class presentation are taken, then extra credits (20%) will be added to the student’s grade. Students should inform the Instructor about the topic and the timing of the presentation. In-class presentations can be conducted anytime during class before the last week. The TA will grade the written exams. I myself will grade the presentations and I will deliver the course grades to the Registrar.

For the midterm and final, I will provide sample questions in advance, and I will choose the actual exam questions from these sample tests.

There are no required textbooks and readings. Lecture materials are provided online or via emails. Students are not required to read all the readings and lecture materials below. Most of the materials are for reference only. Required readings and materials needed for the Midterm and the Final are marked with **.

I would ask you respectfully Not to distribute any lecture or discussion materials (including slides) without my consent. Obviously, the class materials can be used for fair educational purposes. In general, I reserve all intellectual and other property rights over my class materials.

As Economic, Business Management, and Public Policy events in Asia, U.S.-Asia and California-Asia relationships can change rapidly, the
following outline serves only as a general guideline for our class. Following the wonderful tradition at the University of California, Santa Cruz (UCSC) and other University of California (UC) institutions, I will try to integrate my research and experiences into my teaching in this class.

Course Outline and Some Suggested Readings:

** denotes readings relevant for Midterm Sample Questions

** denotes readings relevant for Final Exam Sample Questions

**Topic 1. Introduction I: Economic and Business Trends in the Economies of Asia; Economic and Business Relationships with the State of California and the United States**

Lecture and Discussions, Introduction to Asian Economics, Business, Global Public Policy, and class materials, by K.C. Fung, 2023

Sabrina Cervantes, Chair, Assembly Committee on Jobs, Economic Development, and the Economy, “Fast Facts on the California Economy,” November 2022

Recent Economic, Business and Policy Issues related to Asia, lecture and class materials by K.C. Fung, 2023

**Topic 2. Introduction II: Economic, Business and Public Policy Analysis of Trade Restrictions; Digital Startups and Digital Trade Policies**

Economic Analysis and Business Issues related to Digital Startups and Digital Trade Policies, by K.C. Fung, 2023

Economic Analysis of Tariffs: Small Country and Large Country Cases

“Digital Trade: California, Mexico and NAFTA 2.0,” by K.C. Fung, University of California Office of The President, Mexico Initiative, University of California Publication, Oakland, California, USA, 2017

**Topic 3. The Economy and Business of Japan**

**3.1 Overview**

**Lecture Slides on the Evolving and Changing Japanese Economy and Business, by K.C. Fung, 2023**

**“How Japan’s Startup Ecosystem Grew Alongside Its Large Firms,” by Kenji Kushida, Carnegie Endowment for International Peace, August 2022.**


**“The “S” in ESG: How Japan’s Employment Model Can be a Blueprint for a Post-Covid World,” by Chie Toriumi and Jim McCafferty, Nomura, 2022**

**3.2 Japan’s Industry Structure, Trade and Climate Change Policy**


3.3 Japan’s Labour Market and the J-Firm

Lecture on the Japanese Labour Market, by K.C. Fung, 2023


“Unemployment, Profit-Sharing and Japan’s Economic Success,” European Economic Review, by K.C. Fung, 33, 783-796

3.4 Applications

Japan-U.S. 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


Topic 4. The Economy and Business of South Korea

4.1 Overview

4.2 Growth and Management Aspects of the South Korean Economy


Midterm (In-Person): August 16, 2023

Topic 5. Innovation and Growth in Asia


“Digital Trans-Pacific Silk Road and Phases of China-Latin American Connectivity: From Silver to AI,” by K.C. Fung, Yue Lin


“East Asian Growth Accounting,” Lecture by K.C. Fung, 2023

**Topic 6. The Economy and Business of Australia**


Australian Government, *Australia in the Asian Century*. White Paper, Department of the Prime Minister and Cabinet Canberra: Australia, October 2012

Factsheet on the Australian Economy, Australian Government, 2023

**“Dutch Disease in Australia: Policy Options for a Three-Speed Economy,” by W. Max Corden, University of Melbourne, Working Paper No. 5/12

**Topic 7. The Economy and Business of New Zealand**
Factsheet on the New Zealand Economy, Australian Government, 2023

**Lecture Notes on the Economy of New Zealand, by K.C. Fung, 2023

“How Indigenous People are Reshaping Modern Economies,” by Darren Godwell and Asha Nooh, World Economic Forum, 2022

Topic 8. The Economy and Business of China

8.1 Overview

Lecture and class materials on the Chinese Economy, by K.C. Fung, 2023


8.2 External and Other Aspects of China; China and East and Southeast Asia; China and Latin America

Reading Materials:


“Introduction to Special Section on Global Trading System with the New American Administration: China, United States and Europe,” by


8.3. Applications:

8.3.1. China-U.S. Economic Issues
www.chinashock.info/


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

**Bank of Finland**, "Vertical Specialization in Chinese Trade,“ by Judith Dean, K.C. Fung and Zhi Wang, BOFIT Online, Helsinki, June 2009.

8.3.2. Other Applications

Presentation to **CTBC Bank**, Taiwan, December 2019, K.C. Fung


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


**Topic 9. The Economy and Business of Hong Kong**

**8.1 Overview**

Lecture and class materials on the Hong Kong Economy, by K.C. Fung, 2023

Factsheet on Hong Kong, Australian Government, 2023

**8.2 Other Aspects of the Business and Economy of Hong Kong**

Lecture and class materials on the Hong Kong Movie Industry.

Business and Cultural Aspects of Hong Kong

**Final Exam (In-Person): August 30, 2023, 1:00pm-3:00pm**