

***Economics 149***  
***Economies of East and Southeast Asia***  
***Tu/Th 1:00pm-4:30pm***  
***Cowell Classroom 131***  
***Summer Quarter July 29 to August 30, 2024***  
***University of California, Santa Cruz***  
***Professor K.C. Fung, Ph.D.***

***Professor K.C. Fung email: [kcfung@ucsc.edu](mailto:kcfung@ucsc.edu)***

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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**.*

*Our class is a **5-credits** course that satisfies an Economics Undergraduate Upper Division (UD) Elective for the following Majors: **Business Management Economics Major, Economics Major, Global Economics Major, and Economics/Mathematics Major**.*

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

*He 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. He 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.*

*For experiences with the United States Government, K.C. was a former Senior Economist at the White House Council of Economic Advisers (CEA) and he received a Letter of Commendation from the U.S. President. He was a former Academic Advisor and Collaborator for the United States International Trade Commission (USITC). He provided expert oral and written testimonies to two United States Congressional Commissions. He was also a former academic partner with the Office of United States Trade Representative (USTR).*

*For experiences with International Organizations, K.C. was a former academic consultant for the World Bank (Washington, D.C.), The Asian Development Bank (Manila, Philippines), Asian Development Bank Institute (Tokyo, Japan), Economic Research Institute for ASEAN and East Asia, (ERIA, Jakarta, Indonesia), United Nations Economic and Social Commission for Asia and The Pacific (UN ESCAP, Bangkok, Thailand), World Trade Organization (WTO, Geneva, Switzerland), Organization for Economic Co-operation and Development (OECD, Paris, France)*

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

*Economies 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](#), [Australia](#), [China](#), [Hong Kong](#), [Taiwan](#), [New Zealand](#); and if time permits and if there is interest, economies such as Vietnam and Philippines may also be discussed. We will also examine selected common economic issues/themes such as [U.S.-Asia economic relationships](#), [comparative business management in Asia and in the United States](#), [applications of mathematical economic models to features of Asian economies](#), [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 (1) one **required** in-class final exam, and 1 or 2 of the following: (2) an in-class midterm, or (3) an in-class individual or group presentation, or (4) a 3-page paper, or (5) a digital video essay, podcast, slideshow, interview.*

***Students are required to do (1) and then choose to do 1 of the options:** (2), (3), (4) or (5). The weights are then 60% for the higher score and 40% for the lower score. **If students choose to do 2 out of the options (2), (3), (4), or (5), an extra credit of 20%** will be added to the total course grade. The weights will then be 60% for the highest of the three scores, 40% for the second highest score, and an additional 20% for the lowest score. For students who choose to do the extra credit option, the total course grade will be a maximum of 120 points.*

*Students should inform the instructor about the topic and/or the timing of the optional in-class presentation. In-class presentations can be conducted any time after the last class. The TA will grade the written in-class final and in-class midterm. I myself will grade the papers, presentations and/or the video essays/podcasts/slideshows/interviews. I will deliver the course grades to the UCSC Registrar.*

*For the in-class midterm and the final, I will provide **sample questions in advance**, and students can choose the questions they wish to answer.*

*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.*

*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 Business Management, Economic 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:***

#### ***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, 2024*

*Lecture and Discussions, California and Asia, by K.C. Fung, 2024.*

*Recent Economic, Business and Policy Issues related to Asia, lecture and class materials by K.C. Fung, 2024*

#### ***Topic 2. Introduction II: Economic, Business and Public Policy Analysis of Trade Restrictions; Digital Startups and Digital Trade Policies; Revival of Industrial Policies in Asia and in the United States***

*Economic Analysis and Business Issues related to Digital Startups and Digital Trade Policies, by K.C. Fung, 2024*

*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*

*Lecture and Discussions, Economic Analysis and Policy Issues related to Export Restrictions, by K.C. Fung, 2024*

*Lecture and Discussions, Recent Industrial and Trade Policies in Asia and in the United States, 2024*

***In-Class Individual or Group Presentation  
(Optional, Potential Extra-Credit): Starting After the First Class***

### ***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, 2024*

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

*““Japanese-Style Management,” in “Japan’s Lost Decade and Weaknesses in Its Corporate Governance Structure,” by Mitsuhiro Fukao, in Robert M. Stern ed., Japan’s Economic Recovery, Edward Elgar Publishing.*

*“Japan’s Model of Economic Development: Relevant and Nonrelevant Elements for Developing Economies,” by Fukunari Kimura, Research Paper, World Institute for Development Economics Research, United Nations University*

*“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***

*“Climate Change Policy, Emissions Trading Schemes and Carbon Pricing: California and Tokyo,” by K.C. Fung, Journal of Economics and Public Finance, 2023.*

””Silicon Trade Policies” and a Comparative Analysis of China-U.S. and Japan-U.S. Trade Conflicts” by K.C. Fung, Nathalie Aminian, Maggie Fu, Jung Ho Rhee and Chris Y. Tung, Journal of Chinese and Economic Business Studies, vol. 18, 2020.

“The Political Economy of Exchange Rates: The Case of the Japanese Yen,” by Nathalie Aminian, K.C. Fung, Alicia Garcia-Herrero and Chelsea C. Lin, Japan and the World Economy, 2012.

“Characteristics of Japanese Industrial Groups and Their Potential Impact on U.S.-Japanese Trade,” by K.C. Fung in Robert E. Baldwin ed. Empirical Studies of Commercial Policy, NBER Conference Volume, University of Chicago Press.

### **3.3 Japan’s Labour Market and the J-Firm**

*Lecture on the Japanese Labour Market*, by K.C. Fung, 2024

“Some International Properties of Japanese Firms,” by K.C. Fung, Journal of Japanese and International Economies, 6, pp.163-175.

“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

**White House Council of Economic Advisers (CEA):** *Meeting with Japanese Government’s Economic Planning Agency*, Executive Office of the U.S. President, Washington, D.C., USA

*White House Council of Economic Advisers (CEA) : SII: Negotiations with Japanese Government Officials, Notes by K.C. Fung, Executive Office of the U.S. President, Washington, D.C., USA*

## **Topic 4. The Economy and Business of South Korea**

### **4.1 Overview**

*Lecture Notes on the Economic Development of South Korea, by K.C. Fung, 2024.*

*“The Changing Face of South Korea’s Business Sector and Global Competition,” by Jung Ku-Hyun, Carnegie Endowment for International Peace, November 2022.*

### **4.2 Growth and Management Aspects of the South Korean Economy**

*Byung-Nak Song, “The Korean and Japanese Growth Patterns Compared” in The Rise of the Korean Economy, Oxford University Press, latest edition.*

*Byung-Nak Song, “The Korean and Japanese Management Systems Compared” in The Rise of the Korean Economy, Oxford University Press, latest edition.*

*Lecture on Economic Models of Industrial Policies: East Asia, K.C. Fung, 2024.*

*“The Political Economy of Strategic Trade Policies,” by K.C. Fung, Chelsea C. Lin and Ray-Yun Chang, Review of International Economics, 17 (3), 494-509, 2009.*

*“K-Pop’s Global Success and Its Innovative Production System,” by Joseph Kim and Seung-Ho Kwon, Sustainability, September 2022.*

**Midterm (Optional, Potential Extra-Credit, In-Person): Thursday, August 15, 2024**

**Topic 5. Innovation and Growth in Asia**

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

*“The Changing Face of South Korea’s Business Sector and Global Competition,” by Jung Ku-Hyun, Carnegie Endowment for International Peace, November 2022.*

*“Digital Trans-Pacific Silk Road and Phases of China-Latin American Connectivity: From Silver to AI,” by K.C. Fung, Yue Lin and Le Xia, The Chinese Economy, 2024.*

*““Silicon Trade Policies” and a Comparative Analysis of China-U.S. and Japan-U.S. Trade Conflicts,” by K.C. Fung, Nathalie Aminian, Xiaoqing (Maggie) Fu, Jung Ho Rhee and Chris Y. Tung, Journal of Chinese Economic and Business Studies, 2020.*

*“Digital Silk Road, Silicon Valley and Connectivity,” by K.C. Fung, Nathalie Aminian, Maggie Fu and Chris Y. Tung, Journal of Chinese Economic and Business Studies, vol. 16, 2018.*

*“China Needs to Let Its Silicon Valley-Like Companies Grow,” by K.C. Fung, Nikkei Asian Review, March 6, 2015*

*“Some Characteristics of Innovation Activities: Silicon Valley, California, China and Taiwan,” by K.C. Fung, Nathalie Aminian and Chris Y. Tung, Economic Change and Restructuring, June 2016.*

*“East Asian Growth Accounting,” Lecture by K.C. Fung, 2024*

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



*Lecture on the Australian Economy and Business, by K.C. Fung, 2024.*

*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, 2024*

*“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, 2024*

*Lecture Notes on the Economy of New Zealand, by K.C. Fung, 2024*

*“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, 2024*

*“The Rise of China and Its Implications for Economics and Other Developing Countries,” by Justin Yifu Lin, Area Development and Policy, 2017.*

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

*Reading Materials:*

“*Digital Trans-Pacific Silk Road and Phases of China-Latin American Connectivity: From Silver to AI*,” by K.C. Fung, Yue Lin and Le Xia, *The Chinese Economy*, 2024.

““*Silicon Trade Policies*” and a Comparative Analysis of China-U.S. and Japan-U.S. Trade Conflicts,” by K.C. Fung, Nathalie Aminian, Xiaoqing (Maggie) Fu, Jung Ho Rhee and Chris Y. Tung, *Journal of Chinese Economic and Business Studies*, 2020.

“*Introduction to Special Section on Global Trading System with the New American Administration: China, United States and Europe*,” by K.C. Fung, *Journal of Chinese Economic and Business Studies*, 19:3, 173-179, 2021.

“*The U.S.-China Relations and Trade Policies*,” by K.C. Fung, Nathalie Aminian and Chris Y. Tung, in Anna Karhu and Eini Haaja eds. *Global Trade and Trade Governance During De-Globalization*, Palgrave Macmillan Press, 2022.

“*Digital Silk Road, Silicon Valley and Connectivity*,” by K.C. Fung, Nathalie Aminian, Maggie Fu and Chris Y. Tung, *Journal of Chinese Economic and Business Studies*, vol. 16, 2018.

“*Internationalization of the Use of Chinese Currency: Perspectives from the New and the Ancient Silk Roads*” by K.C. Fung, Nathalie Aminian, Maggie Fu and Iikka Kornhohen, *Journal of Chinese Economic and Business Studies*, vol. 16, 2018.

“*Mexico, Brazil and Chile: Potential Links with China and South Korea*,” by K.C. Fung, Hsiang-Chih Hwang, Jesús Seade and Rocky Tong, *Journal of Chinese Economic and Foreign Trade Studies*, vol. 9, Issue 3, 190-212, 2016.

“*Introduction: Special Issue on Two-Way Trade Flows on China and Latin America*,” by K.C. Fung and Carlos M. Urzúa, *Journal of Chinese Economic and Foreign Trade Studies*, Vol 9, No. 3, 2016.

*“Beyond Minerals: China-Latin American Trans-Pacific Supply Chain,”* by K.C. Fung, Alicia Garcia-Herrero and Jesús Seade, *BOFIT Policy Brief*, No. 5, 2015.

*United States Direct Investment in China*, by K.C. Fung, Lawrence J. Lau and Joseph Lee, with a Foreword by Former U.S. Secretary of State George P. Shultz, American Enterprise Institute Press, Washington, D.C., 2004.

*“Domestic Value Added and Employment Generated by Chinese Exports: A Quantitative Estimation”* by Xikang Chen, Leonard Cheng, K.C. Fung, Lawrence J. Lau, Jiansuo Pei, Yun-Wing Sung, Zhipeng Tang, Yanyan Xiong, Cuihong and Kunfu Zhu, *China Economic Review*, 2012

### **8.3. Applications:**

#### **8.3.1. China-U.S. Economic Issues**

*“The China Trade Shock: Studying the Impact of China’s Rise on Workers, Firms, and Markets,”* August 2016  
[www.chinashock.info/](http://www.chinashock.info/)

*United States House of Representatives, Committee on Ways and Means, Official Request for a Study on U.S.-China and U.S.-Asia Trade and Investment*, 2006

*U.S. Congressional Commission on US-China Security and Economic Review "Trade and Investment: China, the United States and the Asia/Pacific Economies,"* invited testimony by K.C. Fung, *Hearings on China as an Emerging Regional and Technological Power*, the United States Congress, U.S. Government Printing Office, Washington, DC., USA, 2004.  
[http://www.uscc.gov/hearings/2004hearings/hr04\\_02\\_12.phper](http://www.uscc.gov/hearings/2004hearings/hr04_02_12.phper)

*United States International Trade Commission “How Vertically Specialized is Chinese Trade,”* USITC Discussion Paper 08-09D, by Judith Dean, K.C. Fung and Zhi Wang, The United States

Government, Washington, D.C., USA, 2008; paper presented at the IMF, Washington, D.C., April 6, 2007, online at [http://www.usitc.gov/ind\\_econ\\_ana/research\\_ana/research\\_work\\_papers/documents/EC200809D.pdf](http://www.usitc.gov/ind_econ_ana/research_ana/research_work_papers/documents/EC200809D.pdf)

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.

**U.S. Congressional Commission on US-China Security and Economic Review** “U.S.-China Bilateral Investment” invited testimony by K.C. Fung, *Hearings on Chinese State-Owned Enterprises and U.S.-China Bilateral Investment*, the United States Congress, Washington, DC., USA, 2011  
[http://www.uscc.gov/hearings/2011hearings/written\\_testimonies/hr11\\_03\\_30.php](http://www.uscc.gov/hearings/2011hearings/written_testimonies/hr11_03_30.php)

### **8.3.2. Other Applications**

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

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

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

“Silk Road and China,” Presented to **London Business School-Hong Kong University Business School-Columbia University Business School EMBA-Global Asia**, Lecture by K.C. Fung, 2017.

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

### **9.1 Overview**

*Lecture and class materials on the Hong Kong Economy, by K.C. Fung, 2024*

*Factsheet on Hong Kong, Australian Government, 2024*

## ***9.2 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 (Required, In-Person): Thursday, August 29, 2024, 1:00pm-3:00pm***