

*This version: 8-2019*

*Columbia Business School*  
Executive MBA Program

**B7502: China - International Seminar**

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**Course Objectives:** This course can be viewed as the most significant case study of your EMBA education – the case of China, the second largest economy in the world and on course to be the largest economy within a decade. This presents enormous opportunities for firms everywhere as well as challenges. We will discuss how the Chinese economy gets to where it is – by managing three transitions simultaneously: from Marx to market, from an inward-looking Middle Kingdom to an externally-oriented world factory, and from farming to industrialization. We will consider factors that could influence the chance of success/failure of doing business in China, including the history that lives in the Chinese psyche, local financial and macroeconomic environment, corruption, and culture. We will discuss the future trajectory of the Chinese economy and its implications for business at home and abroad.

**Course Features:** Much of the learning in the course depends on students' independent research including readings of relevant literature and on-site research and interviews. Lectures by the professor are designed to provide a framework think about the relevant issues systematically.

**Short Research Report:**

A research report will be due by **9 pm, September 15**, via a drop box on the course website.

Students are given the option of doing one of two types of reports. A Type 1 report will describe a business plan or an investment idea that takes advantage of salient features of the Chinese economy and satisfy an unmet demand. A Type 2 report will be akin to a consulting report that analyzes an aspect of a corporate strategy for an international firm with a China business: What challenges is the strategy designed to address? Has it been successful? How would you improve it?

The report should make use of materials discussed in the class, information learned from the company visits, as well as your own additional research. It should be written with clarity, illustrated with tables and graphs when appropriate, and in a way that is interesting to read. *You should clearly indicate all sources of your information.*

*The report should be 6-10 pages long, including any tables and graphs. The text itself should not exceed 6 pages. You are encouraged to form a team to work on the report (with up to 3 coauthors in total). All team members will get the same grade on the report. I will judge the report both by its absolute quality and by its quality relative to all others in the class. Since there is no penalty for having multiple authors, I am effectively encouraging co-authorship.*

### **Grading:**

Class participation (including corporate visits)	30 points
Quiz	20 points
Research report	50 points
Bonus	5 points
<i>Maximum points in the class</i>	<i>105 points</i>

*A bonus of 5 points will be awarded to students who have successfully helped the class in securing a company visit or a guest speaker during the seminar.*

### **Expectation**

I expect you to bring your name card to each class session.

*Attendance at all meetings and classes is mandatory. Each meeting/class missed will lower your grade.*

The use of a laptop computer, smart phone, or other electronic communication device during classes is not permitted.

### **Recommended Readings**

AI Superpowers: China, Silicon Valley, and the New World Order by Kai-Fu Lee, Houghton Mifflin Harcourt, 2018

The Chinese Economy: Adaptation and Growth, by Barry Naughton, Massachusetts Institute of Technology Press, 2018. (Optional)

*You should do other assigned readings before each class.*

## **Tentative Schedule and Assigned Readings**

- *The class takes place in Shanghai, China, from 9 am, August 27, 2019, to 12:30pm on Saturday, August 31, 2019. Because of the distance between the hotel and the airport, please do not book any tickets that will leave Shanghai before 5:00 pm on Saturday.*
- *Please note that the content below is only indicative at this stage. Since the course uses guest speakers who often cannot confirm availability until much closer to the actual date of the class in Shanghai, the schedule is subject to change.*

Before you land in Shanghai

*You should read Chapters 1-5 of Kai-Fu Lee's book.*

*Kai-Fu Lee was CEO of Google China and is the Chairman and CEO of Sinovation Venture. His book gives his views about how and why China is catching up with the US in certain technology fields. Along the way, he explains (his view of) how the business environment in China works, and what the future of artificial intelligence will look like.*

Tuesday Morning: **China's Three Transitions and Implications for Business**

Reading:

The Chinese Economy by Barry Naughton, Chapters 1, 4 and 13.

Tuesday Afternoon: **Company Visits (I)**

Wednesday morning: **The Trade War and Beyond**

Readings:

- (1) Shang-Jin Wei, 2018, "A Reciprocal Solution to the US-China Trade Dispute," <https://www8.gsb.columbia.edu/articles/chazen-global-insights/reciprocal-solution-us-china-trade-dispute>
- (2) Shang-Jin Wei, 2019, "Why American Households and Firms Need China," <https://www8.gsb.columbia.edu/articles/chazen-global-insights/why-american-firms-and-households-need-china>
- (3) Wang, Wei, Yu, and Zhu, 2018, "Re-examining the Effects of Trading with China on US Local Labor Market: A Supply Chain Perspective," NBER working paper 24886. <https://www.nber.org/papers/w24886.pdf>

Wednesday afternoon: **Negotiation in China**

Reading:

“How Universal?” by Zhigang Tao and Shang-Jin Wei

This is a negotiation simulation exercise that involves role playing.

- Instructions for individual role playing are not included in the reading packet, but will be distributed in class.

Thursday morning: **Innovation and Financial System in China**

Panel discussion by invited speakers.

Readings:

- (1) Kai-Fu Lee’s Book
- (2) Shang-Jin Wei & Zhuan Xie & Xiaobo Zhang, 2017. "[From "Made in China" to "Innovated in China": Necessity, Prospect, and Challenges.](#)" Journal of Economic Perspectives, American Economic Association, vol. 31(1), pages 49-70, Winter.
- (3) “The Reforms China Needs,” <https://www8.gsb.columbia.edu/articles/chazen-global-insights/reforms-china-needs>

Thursday Afternoon: **Company Visits (II)**

Friday Morning: **The State vs. the Market**

- Featuring guest speakers

Friday Afternoon, Free Time for Self-Organized Activities

Or follow-up visits to companies to be arranged by students

Saturday Morning, **Taking Stock of the Week in China**

Short quiz; Business and economic implications of China’s social policies

Readings:

- (1) Shang-Jin Wei and Xiaobo Zhang, 2011 “SEX RATIOS, ENTREPRENEURSHIP, AND ECONOMIC GROWTH IN THE PEOPLE’S REPUBLIC OF CHINA,” <https://www.nber.org/papers/w16800.pdf>

- (2) Shang-Jin Wei, 2018, The Competitive Saving in China: Implications for Savings, the Current Account, and Housing Prices,  
<https://www.nber.org/reporter/2018number2/wei.html>

**The class adjourns by 12:30 pm on Saturday**

## **Company visit guidelines**

Company visits are an integral part of the International Seminar Course in Shanghai.

### Possible format of a company visit (2-3 hours on site)

- a. A general introduction by the company on the company's history and business;  
General remarks by the company on opportunities and challenges facing firms in China
- b. Pick one or two specific areas in which the company could illustrate an issue with concrete examples from its experience. Below are some suggestive examples.

On human resource and labor issues: Is it easy to hire, train, retain, and manage labor? How does the company deal with the new labor contract law that went into effect early this year?

On law and government relations: Does the company have any concern over intellectual property rights protection? What steps has it taken to mitigate the risk? What kind of regulations is the firm subject to? What is its experience in dealing with regulators and other government officials? How is it compared with other locations (in or outside China) that the company has experience with?

On financing issues: What is the source of the company's financing? What is it like to tap into local banks and the capital market?

- c. A visit to the factory floor (if feasible and applicable)

### Group Leader

Every group that visits a company may be assigned a student leader (in addition a staff member from the EMBA office). If a company visit is arranged through a student, that person is most likely to be invited to be the student leader for the group. The leader is encouraged to contact the company in working out an agenda for the visit, including the specific areas for in-depth discussion per item b above.

## **Quiz**

There will be a short quiz on the last day in Shanghai. The subject will be observations and lessons from the company visits and in-class discussions early in the week. The quiz is designed to provide incentives for students to learn by actively observing, thinking and asking questions.

The quiz will ask a combination of factual questions (e.g., company name and line of business) and a brief "think piece" around one of the issues discussed in relative depth during the company visits or classroom discussions.