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GIM Greater China

Winter 2019

Wednesday, 6:30 – 9:30 PM

KGH2110

Professor Damien Ma
damien.ma@kellogg.northwestern.edu
Phone: 312.239.2823
Office hours: TBD

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GIM Program Objectives

The GIM Program enables Kellogg students to:

- Gain an understanding of the economic, political, social, and cultural characteristics of a country or region outside the United States.
- Learn about key business trends, industries, and sectors in a country or region outside the United States.
- Conduct international business research on a topic of interest.
- Further develop teamwork and leadership skills.

Course Description and Objectives

China is expected to overtake the United States as the world's largest economy over the next 10-15 years. The last time a reshuffling of the global pecking order took place was when the United States surpassed Great Britain as the world's largest economy at the turn of the 20th century. Global power transitions have never been particularly smooth, and China's rise will be no different.

To become a business leader in today's world, it requires an understanding of the implications of this defining event of the 21st century.

The course's purpose is to provide students with an essential grounding in the business environment and market dynamics of China. The goals of the course are: 1) To establish a basic understanding of the economic, social, and political context in which China's business environment is forged; 2) To gain insight into the diverse market opportunities in the country; 3) To gain first-hand experience of how the China market really ticks through a valuable in-country trip; 4) To provide an opportunity to lead and complete a team project that will have intellectual and practical value for approaching the China market.

The course is organized into three broad segments: 1) Where the Chinese economy has been; 2) Where the Chinese economy and business environment are now; 3) How the China market might transform over the next 5-10 years. The course will primarily focus on the present and near future, but revisiting pre-reform era China is necessary to understanding how the country works today.

The overall course, including reading materials, lectures, and guest speakers, is designed for students who have minimal exposure to China and Asia-Pacific, the world's most economically dynamic, populous, and diverse region. However, for individual students who might wish to delve deeper into a particular area or topic, see the professor about supplemental materials and resources.

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Attendance Policy

Due to the nature of the GIM program, **attendance for all GIM classes is mandatory**, as is participation in the 10-day in-country trip. Attendance on the first day of class is also mandatory. If a student misses more than one class throughout the term, one letter grade will be deducted from his or her final grade. Exceptions may be made by the faculty member in cases of extreme circumstances.

Role of the In-Country Advisor

Throughout your GIM trip, you will be accompanied by an in-country advisor, Sheila Duran, who is a staff member at Kellogg. The in-country advisor is responsible for the integrity and quality of the in-country experience. Among other logistical roles during the trip, Sheila will be assessing each student's level of participation during the plenary meetings and will be **assigning 15% of the students' overall grade**.

Kellogg Honor Code

The students of the Kellogg School of Management regard honesty and integrity as qualities essential to the practice and profession of management. The purpose of the Kellogg Honor Code is to promote these qualities so that each student can fully develop his or her individual potential. Upon admission, each student makes an agreement with his or her fellow students to abide by the Kellogg Honor Code. Students who violate the Kellogg Honor Code violate this agreement and must accept the sanction(s) imposed by the Kellogg community.

The Kellogg Honor Code is administered by students and is based on the concept of self-government. The efficacy of such a student-administered honor code is dependent upon a high degree of dedication to the ideals of honesty, integrity and equal opportunity reflected by the code. The Kellogg Honor Code requires that each student act with integrity in all Kellogg activities and that each student hold his or her peers to the same standard. In agreeing to abide by the code, the Kellogg students also agree to report suspected violations. By not tolerating lapses in honesty and integrity, the Kellogg community affirms the importance of these values.

Course Materials*

***Please keep up with daily economic and politics news related to China. Some of the best English sources on China are: *Wall Street Journal*, *Financial Times*, *The Economist*, and *Bloomberg*.**

You can also use MacroPolo as a resource, which focuses on analyzing various aspects of the Chinese political economy and markets: <https://macropolo.org>. I may also assign additional weekly readings that are currently not in the syllabus but are relevant to in-class discussions and lectures.

Course Pack Materials:
Art Kroeber: <i>China's Economy: What Everyone Needs to Know</i>
Damien Ma/Bill Adams: <i>In Line Behind a Billion People</i>

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Kaifu Lee: <i>AI Superpowers</i>
Barry Naughton: <i>Transitions and Growth</i>
Richard McGregor: <i>The Party</i>
Ian Bremmer: <i>The End of the Free Market</i>
Doug Fuller: <i>Paper Tigers, Hidden Dragons</i>

Recommended List:
Henry M. Paulson: <i>Dealing with China</i>
Evan Osnos: <i>Age of Ambition</i>
Nicholas Lardy: <i>Markets over Mao</i>
Joe Studwell: <i>How Asia Works</i>

Course Schedule and Assignments (subject to change)

Week 1	1/9/2019
<i>Topics:</i>	<ul style="list-style-type: none"> • Course overview, expectations, and final project discussion • Student, instructor, and advisor introductions • Team formation and preliminary discussion of project proposals • Lecture and discussion on the Mao era
<i>Speaker:</i>	TBD
<i>Assignments:</i>	--Readings: <ul style="list-style-type: none"> • Barry Naughton: <i>Transitions and Growth</i> (course pack) • Xujun Eberlein on Mao's Great Famine • Cultural Revolution 50 Years on

Week 2	1/16/2019
<i>Topics:</i>	China's reform and opening up (40-year anniversary) <ul style="list-style-type: none"> • How economic reforms began in rural China • Foreign investment's role in China's growth • Market capitalism vs. the legacy state • Discussion and role playing of major political crisis • In-class discussion on projects with individual teams
<i>Speaker:</i>	Kaiser Kuo (Sinica, formerly of Baidu)
<i>Assignments:</i>	--Readings: <ul style="list-style-type: none"> • Arthur Kroeber (course pack) • Barry Naughton: Deng Xiaoping - <i>The Economist</i> (will distribute) • Guoqiang Long: China's Policies on FDI: Review and Evaluation (will distribute)/Qualcomm case (TBD)

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Week 3	1/23/2019
<i>Topics:</i>	Red Capitalists and Princelings: the nexus of politics and business <ul style="list-style-type: none"> • How the CCP became the elite establishment • State Capitalism • Efficient corruption vs. endemic corruption • Questions and discussion on project proposals if necessary
<i>Speaker:</i>	TBD
<i>Assignments:</i>	--Readings: <ul style="list-style-type: none"> • Richard McGregor: <i>The Party</i> (course pack) • Ian Bremmer: End of the Free Market (course pack) • Andrew Wedman: "Double Paradox: Rapid Growth and Rising Corruption in China" • Feigenbaum and Ma: China's Reform Imperative
<i>Additional:</i>	Project Proposals due

Week 4	1/30/2019 [NO CLASS]
<i>Assignments:</i>	Readings continued: <ul style="list-style-type: none"> • IMF China economic growth in six charts (full report accessible) • Michael Pettis: Rebalancing, Wealth Transfers, and the Growth of Chinese Debt
<i>Additional:</i>	Will return your project proposals with comments

Week 5	2/6/2019
<i>Topics:</i>	Economic Challenges and Opportunities <ul style="list-style-type: none"> • Themes covered: labor market transition, social goods scarcity, rise of the middle class • Debate: Can China innovate? • Chinese New Year celebration • IPG meetings and team projects check-in
<i>Speaker:</i>	Tom Orlik (Bloomberg)
<i>Assignments:</i>	--Readings: <ul style="list-style-type: none"> • Ma and Adams (course pack) • HBR: "Why China Can't Innovate" • The Economist: "Shenzhen is a hothouse of innovation"

Week 6	2/13/2019 [NO CLASS]
<i>Assignments:</i>	Background Research Review due

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Week 7	2/20/2019
<i>Topics:</i>	In Focus: Energy & Tech <ul style="list-style-type: none"> China's overall energy profile and the drivers of energy demand and the politics of pollution Technology and economic nationalism: Made in China 2025 Who wins the future?
<i>Speaker:</i>	Matt Sheehan (MacroPolo, Author of <i>Chinafornia</i>)
<i>Assignments:</i>	--Readings: <ul style="list-style-type: none"> Damien Ma: "Rebalancing China's Energy Strategy" Made in China 2025 industrial policy Fuller: Paper Tigers, Hidden Dragon (course pack) Kaifu Lee: <i>AI Superpowers</i> (course pack)

Week 8	2/27/2019
<i>Topics:</i>	China's Global Ambitions <ul style="list-style-type: none"> What is the Chinese Dream? Values and competing political models Soft power, influence, and new competitive dynamics In-country research plans and IPG meetings check-in
<i>Speaker:</i>	Alistair Thornton (Facebook, Founder of Young China Watchers)
<i>Assignments:</i>	--In-Country Research Plan Due --Readings: <ul style="list-style-type: none"> Ma & Adams (course pack) Art Kroeber (course pack) The Economist: What China Wants The Belt and Road Initiative explainer
<i>Additional:</i>	Figure out what portion of Apple's supply chains are in China

Week 9	3/6/2019
<i>Topics:</i>	US-China: From Marriage to Divorce? <ul style="list-style-type: none"> Supply chains and multinationals Investment and capital flows Trade war and industrial policy Debate and role play: what should US policy toward China be?
<i>Speaker:</i>	Jessica Beinecke (JM Beinecke LLC)
<i>Assignments:</i>	--Readings:

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	<ul style="list-style-type: none"> • David Barboza: "How China Built 'iphone City'" • See MacroPolo for: <ul style="list-style-type: none"> Supply chain The China Footprint Know the Numbers • Joy Dantong Ma: China's Trade War Tools and Their Effects on the US Economy • Bloomberg: https://www.bloomberg.com/news/articles/2018-11-11/trump-s-china-cold-war-yields-hard-look-at-global-supply-chains • Jeff Bader: Is it time to end engagement?
<i>Additional:</i>	Will return comments on your in-country plans

Week 10	3/13/2019
<i>Topics:</i>	<ul style="list-style-type: none"> • Wrap-up and key takeaways • Final check-in on projects and in-country meetings • In-country trip prep
<i>Speaker:</i>	Sheila Duran on buildings
<i>Assignments:</i>	None

In-Country Field Research - March 19th– March 29th

Final Class	4/10/2019 9:30-12:30 [Tentative]
<i>Topics:</i>	IPG presentations; Q&A; post-trip reflections
<i>Assignments:</i>	Final project presentations; written report submission, peer evaluations, and IPG database Google sheet information due at 9am

In-Country Academics

Students are reminded that GIM is first and foremost an academic program. **15% of your overall grade will be based on your participation in the plenary meetings and engagement in other activities as assessed by the in-country advisor.** To achieve a high grade, students are expected to not only attend all plenary meetings, but to be actively engaged during in-country meetings and other learning opportunities.

Assessment

Research Project	70%
Background Research	10%
In-Country Research Plan	10%
In-Class Presentation	10%

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Written Report	25%
Peer Evaluation	12%
IPG Database Google Sheet	3%
Participation	30%
In-Class Participation (attendance, discussion, engagement)	15%
In-Country Participation (plenary meeting participation, student role, overall participation; determined by GIM advisor)	15%

GIM Research Project

The core of the GIM class is an independent research project. Groups of 4 to 6 students will select an international business, economic or management issue on which to study in depth and present. The students begin secondary research at the start of the course, incorporating perspectives from the class readings and speakers. They will also spend considerable time in-country speaking with resident experts, gathering local data, and testing their hypotheses and recommendations in the field. In general, the project should be based on original research that contributes to an intellectual body of work but also strives to have practical applications for the market.

*(Students must schedule at least **five** IPG meetings throughout their trip with **at least** one meeting in every city that class visits on a business day. Students are not obligated to schedule meetings in cities that the class visits only for the weekend.)*

Research Topics

Student teams typically develop their own research projects, though they will refine their topics with the help and advice of their faculty member. Good GIM projects are generally built around interesting, clear, and relatively narrow research topics. Some titles from successful projects from recent years have included “How Uniqlo’s Brand Positioning and Marketing Strategy Allow the Company to Thrive in China’s Fast Fashion Market” and Expanding Wine Sales to Middle-Class Brazilians: A Proposal to Concha Y Toro.” Weak GIM projects often have excessively broad or unfocused topics such as “An Overview of the Brazilian Beverage Industry.”

Project Report Structure

Final reports should be at least fifteen pages in length, excluding exhibits. Groups may choose from the following report formats:

- Traditional analytical research paper – A research question is described; competing answers to the question are discussed; evidence collected on the trip is used to argue for or against the alternative answers.
- Industry analysis – A particular industry is surveyed in order to examine a narrowly

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focused, well-defined topic pertaining to the competitive dynamics of the industry. An example would be an analysis of a market entry opportunity presented to a foreign multinational.

- **Business recommendation report** – A consulting report recommending specific strategic, operational and organizational actions to solving a clearly defined business issue (e.g.: strategies for overcoming cold-chain logistics and distribution challenges in India.).
- **Business or industry case study** – A case for eventual classroom use developed with a clear underlying business question in mind. Teams pursuing this option are encouraged to work with Case Publishing before and after the trip to ensure a high quality product that may eventually be used in the classroom.

Project Deliverables

- **Research Project Proposal** – Each project group will submit a 2-page description of their proposed research topic, including:
 - A description of the specific and narrowly-focused research question(s) to be addressed
 - Description of the topic's importance, timeliness, economic, or social significance
 - Identification of possible in-country visits with companies, governmental agencies, NGOs, etc.
- **Background Research Review** – Before departing for the in-country portion of the class, each project team must submit a review examining secondary information relevant to its research topic. This review may serve as a first draft of the background section of the final project report.
- **In-Country Plan** – This is a detailed matrix of five or more investigative research meetings arranged in country. The best plans will include day/time/location of meeting; name/description of organization; name/title/bio of interviewee; agenda and interview guide for each meeting.
- **In-Class Presentation** – During the final class, each project group will make a presentation in class summarizing their research findings. The purpose of this deliverable is to allow faculty members and students to learn about and provide feedback on the project groups' final findings. It is suggested that each team be given 15 minutes to present and 5 minutes for audience questions and suggestions.

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- **Written Report** – The final report, generally 10-15 pages long before exhibits and appendices, prepared according to one of the formats discussed above. In addition to turning in their papers to their professors, students should submit an electronic copy to the Global Programs Office on the agreed upon date.
- **Peer Evaluation** – Each member within the project group will assess every other member's contributions to the project, including their own, with a confidential peer review form that takes into account each member's intellectual contribution, initiative and organization, workload contribution and overall contribution.
- **IPG Database Google Sheet** – Maintained by the Global Programs' Office, the IPG Database Google Sheet serves as a repository for IPG contact information shared amongst GIM students. About a week before final reports are due, the GPO will be sending out a link to the sheet for each IPG group to fill out with information about their contacts. Please note that the requirement for filling out the google sheet is due at the same time as the written report.