

BUS 494
International Business Travel course to China
Politics and Culture in Finance, Governance and Trade
Summer 1, 2015
Clas Wihlborg and Ken Murphy
(Preliminary, Dec. 10, 2014)

Class: 15 class hours TBA
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Course Description

The travel part of the course, May 21-May 31, will be organized by WorldStrides as a two day US-China student summit preceded by visits to important cultural, political and business sites in and around Beijing and Shanghai. The students in this course will be part of a Chapman delegation. In addition to the attached travel program we will organize our own visits to the Central Bank, a bank, a major Chinese company and a major US company with a large presence in China.

There will also be 15 hours of class time on campus focusing on a comparative analysis and discussion of financial market organization, corporate governance, financing of entrepreneurship, trade policy and exchange rate policy.

Course Objectives.

The broad objective is to develop an understanding of how economic and financial institutions, business organization and economic policy are rooted in cultural and political factors. We compare bank and financial systems, monetary and exchange rate policies, governance structures in corporations and trade policy in China, the US, and other countries and link them to politics and culture. The cultural component will be emphasized during the travel part of the course.

The ultimate objective is to enable students to interact with Chinese businesses, banks and public authorities with greater knowledge of how business decisions are made and where conflicting viewpoints can arise.

Another objective is to develop personal relationships between China and the US at the US-China Summit.

Examination

Each student or possibly small groups of students writes a report on a topic linking the campus part and the experience part. The topic should be decided and approved half way through the course. Final report will be due mid June.

As an alternative the student can write a day by day travel report showing how experiences illustrate issues discussed on campus.

On Campus Topics and Readings (preliminary)

Major sources of articles and reports are the IMF and the World Bank. The new database, Euromonitor Passport, available at Chapman provides a rich source of industry level data for market analysis.

1. Financial systems and corporate governance systems

a. Overview article:

Angkinand, A. P. and C. Wihlborg (2012), "The New Financial Architecture: The Role of Market Discipline for Governance" in Oxelheim, L. (ed), *EU/Asia and the re-polarization of the global economic arena*, Ch 12, Springer

b. On Governance efficiency in China:

Huang, R.H. and G. Orr, "China's State-owned Enterprises; Board Governance and the Communist Party," *The McKinsey Quarterly*, 2007, No 1.

Kim, E. Han, H. Kim, Y. Li and Y. Lu, "How Are Proceeds from Seasoned Equity Offerings Used?" Working paper, Presented at IFMA Conference, Dec. 2014.

"U. Peyer and T. Vermaelen, "Buybacks around the World. Market Timing, Governance and Regulation," Working Paper, presented at IFMA Conference, Dec. 2014.

c. On Banking in China.

Garcia-Herrero, A., S. Gavila and D. Santabarbara, "China's Banking Reform: An Assessment of its Evolution and Possible Impact," *CESifo Economic Studies*, 52, No 2, 2006

Kalich H., "China: Avoing a Shadow Banking Crisis," *Asia Pacific Economic Outlook*, March 2014, Deloitte University Press,

d. Chinese Stock markets incl. Hong Kong

Feng, Y., C. Wu and J. Zhang, "The Role of Price Connectors: A Study on the Market Segmentation in Chinese Stock Markets," Working Paper, Conference Presentation Singapore, Dec. 2014

2. Monetary Policy, Financial Regulation and Exchange rate Policy; The Future of the Renminbi in World Business

Background reading: Carbaugh R. *International Economics*, Ch 15 on Exchange rate regimes.

Ma, G. and R.N. McCauley, "Do China's Capital Controls Still Bite? Implications for Monetary Autonomy and Capital Liberalization." BIS Working Paper, 233, Aug. 2007.

Eichengreen, B., "The Renminbi as an International Currency," Working Paper, Jan. 2010

McKinnon R. and G.Schabl, "China's Exchange Rate and Financial Repression. The Emergence of the Renminbi as an International Currency," Feb. 2014, web Stanford.edu/

Hsiao, Chink Tang, "Is There a case for Exchange Rate Policy Coordination in Asia," Office of Regional Integration, *Policy Brief*, Dec. 2012.

3. Trade Policy, Inward and Outward FDI, the Role of Joint Ventures

a. Trade.

Garcia Herrero, A. and T. Koivu, "China's Exchange Rate Policy and Asian Trade," BIS Working Paper 228, April 2009.

Morrison, W.M. "China –US Trade Issues," Digital Commons@ILR, Cornell University, 2011.

b. Inward and Outward FDI

Branstetter, L. and C. Fritz Foley, "Facts and Fallacies about U.S. FDI in China" in R. C. Feenstra and Shang-Jin Wei (eds) *China's Growing Role in World Trade*, NBER and U. of Chicago Press, 2010, <http://www.nber.org/chapters/c10471>

UNCTAD. Inward and Outward FDI in China

c. Joint Ventures

Ji Li, Kevin Lam and Gongming Qian, Does Culture Affect Behavior and Performance of Firms; The Case of Joint Ventures in China, *Journal of International Business Studies*, 32, No 1, 2001

4. Financing Entrepreneurship; Comparing US and China.

The Economist, "Entrepreneurship in China; Let a Million Flowers Bloom" March 10, 2011

Shachmurove, Y. and M. Vulanovic, "SPACs with Focus on China," Working paper, City University of Hong Kong, Conference Paper, Singapore Dec. 2014

Talavera, O., L. Xiong and X. Xiong, "Social capital and the Access to Bank Financing; The Case of Chinese Entrepreneurs," *Journal of Emerging Markets Finance and Trade*, 48, 1, 2012.

Pre-organized Travel, visits, and the Student Summit.

Beijing May 22-25.

Shanghai, May 26-29

US China Student Summit in Shanghai, May 30-31

June 1. Departure

See attached program from Summit organizer.

Self-organized visits to companies, and policy authorities.

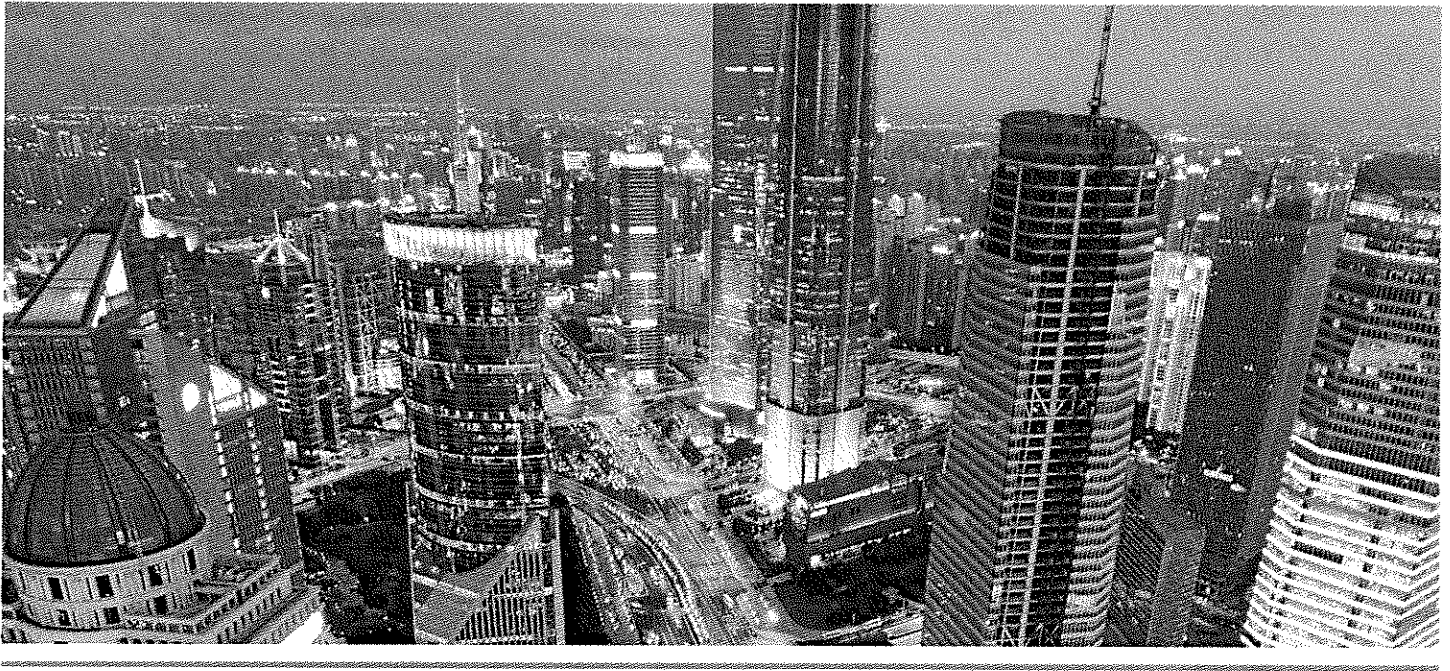
Free time within the program will be devoted to visit exploring the financial system and regulatory constraints on business operations in China. The exact program will be developed during the early spring with the help of academic contacts in China as well as contacts made during previous Chapman visits.

May 25 in Beijing. Full day devoted to visits to Ministry of Finance, Central Bank and Legal expert on business in China.

May 28 in Shanghai. Half day with visits to Chinese financial institutions.

May 29 in Shanghai. Half day with visit to international firm operating in China. Geely Cars is a possible visit as an example of Chinese foreign investor. Contacts with Volvo, Sweden can possibly be used to make connections.

May 31 in Shanghai. Half day after Summit to explore contacts made during the summit.



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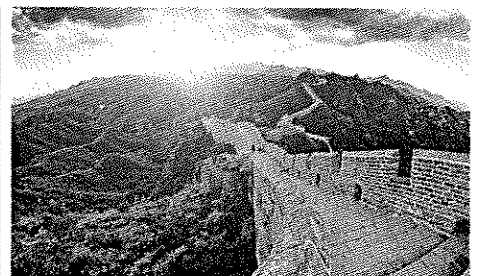
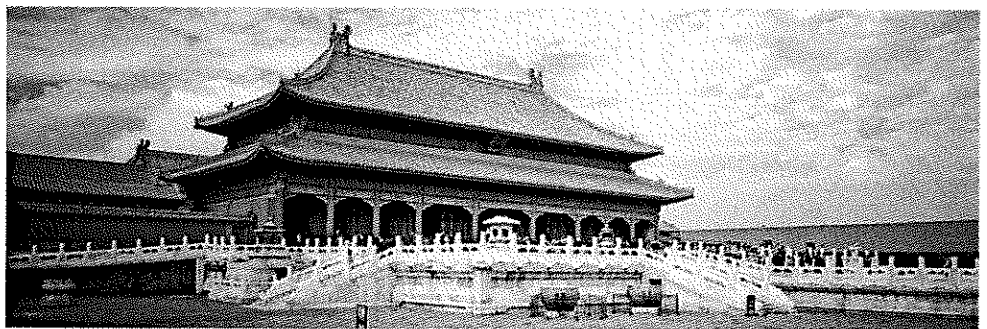
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US-China STUDENT SUMMIT

Proudly Supported by
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May 21 to June 1, 2015



Introducing the US-China Student Summit

In 2009, President Obama and the US State Department announced the "100,000 Strong" initiative to help deepen Americans' understanding of China through study opportunities for American students in China. In the spirit of this initiative, WorldStrides—America's leading educational travel organization—is pleased to announce the second annual US-China Student Summit, a two-day event scheduled for May 30 & 31, 2015.

What is the US-China Student Summit?

The US-China Student Summit brings together hundreds of American and Chinese students for a two-day conference discussing topics important to US-Chinese relations, including the past and future of our countries' relationship, what it takes to be a global leader, the importance of cultural appreciation, and how participants can foster innovation in global business and international relations. Over two days, students hear from high level speakers (2014 examples included the US Ambassador to China and youth cultural icon Jessica Beinecke), participate in panel discussions, and work one-on-one with Chinese peers during small-group activities. Students from the US participate in 10 days of sightseeing, cultural activities, and business meetings leading up to the 2015 US-China Student Summit. Students return home with a new group of Chinese friends, a deepened interest in Chinese history and culture, and even an understanding of how to pursue future study or employment in China.

How can I participate?

There are three ways for collegiate groups and individual students to participate in the 2015 Summit:

- **School Delegation:** Delegations of students led by a faculty member or administrator are invited to participate in the full 12-day Summit Experience, culminating in the 2-day Summit in Shanghai. One faculty/staff delegation leader travels for free with every 10 participating students!
- **At-Large Delegate:** Students may also attend as independent delegates, traveling with a group of students from other American schools leading up to the two-day Summit event in Shanghai. The 2014 At-Large Delegation included students from William and Mary, Vassar, Cal Berkeley, and more.
- **Exchange Student Delegate:** Students already studying in China can join their school delegation or sign-up as an at-large delegate for just the two-day Summit in Shanghai (no travel included).

Who is WorldStrides?

WorldStrides is the nation's premier organization providing travel and academic services for elementary through Executive MBA level students. The WorldStrides team has more than 35 years of experience supporting curriculum globalization for some of the top universities in the United States and abroad. Headquartered in Charlottesville, VA, with offices in Shanghai and 20 additional cities worldwide, WorldStrides follows a team-based approach in ensuring the successful execution of global programs. In addition to being the industry leader in educational travel, the company prides itself on providing unmatched levels of financial, legal, and risk management to its travelers.

WorldStrides' unprecedented work with educational institutions over nearly 50 years has helped hundreds of universities globalize their curricula and provided unique opportunities for college students to expand their horizons in more than 90 countries annually. In addition, our accreditation through AdvancED demonstrates our unrivaled commitment to superior global service and provides a number of benefits to the schools and students who partner with us; importantly, this accreditation and our relationship with Colorado State University - Global Campus allows WorldStrides to offer college credit to students participating in the US-China Student Summit.

What is the 100,000 Strong Foundation?

It is the 100,000 Strong Foundation's mission to promote the expansion and diversification of Americans studying Mandarin and studying abroad in China. The foundation was born out of a U.S. State Department Initiative of a similar name – the 100,000 Strong Initiative – which was first announced by President Barack Obama in 2009. Secretary Hillary Clinton launched the initiative in 2010, and the 100,000 Strong Foundation was introduced in September 2012. The effort has been backed by the Chinese government, proof of the truly bilateral support of the foundation's work. WorldStrides is the exclusive educational travel partner of the 100,000 Strong Foundation.

2015 Working Itinerary

The following itinerary is a working document and is subject to change:

May 21, 2015 <i>Thursday</i> Meals per your airline	Depart USA / Travel Day ▪ Depart USA en-route to Beijing
May 22, 2015 <i>Friday</i> Meals per your airline	Arrive Beijing ▪ Arrive into Beijing in the evening, where your group will be met with a chartered motorcoach and your English-speaking guide, who will assist you with hotel check-in. ▪ Explore Lotus Lane, a local hangout consisting of cafés, restaurants, and shops.
May 23, 2015 <i>Saturday</i> <u>Meals Included:</u> Breakfast Dinner	Beijing: Temple of Heaven & Hutong Tour ▪ Today: Immerse yourself in the local culture during your first day in Beijing. ▪ Begin to get to know Beijing early with a visit to the Temple of Heaven, a sequence of temples and altars set in a park. Chinese philosophers considered heaven the source of harmony and spiritual authority. The architecture reflects that sense of order; the northern wall of the complex is curved in a half circle to symbolize heaven, and the southern wall of the complex is built as a square to symbolize earth. ▪ Enjoy an authentic dumpling (Jiaozi) lunch at the home of a local family. Learn about how to prepare the dumplings, as well as about life in the Hutong, the traditional alleyway homes of Beijing. In imperial days, these low-rise courtyard style houses were often home to an extended family. Then, tour the Hutong in a rickshaw and visit the Bell Tower to see a traditional tea ceremony. ▪ Enjoy Beijing's famous Peking Duck at a group welcome dinner at a local restaurant.
May 24, 2015 <i>Sunday</i> <u>Meals Included:</u> Breakfast	Beijing: Tiananmen Square, the Forbidden City, & the Great Wall ▪ Today: Understand the history and fortitude of the Chinese people. ▪ See Communist and Imperial China side-by-side during your morning tour of Tiananmen Square and the Forbidden City. Your guide will offer the history and perspective you need to understand these two significant moments of Chinese history. ▪ Stop for lunch (not provided) before traveling outside Beijing to the Mutianyu section of the Great Wall, the only manmade structure astronauts can see from space. Explore a portion of the mind-boggling length of the wall, and ride down on a toboggan slide. ▪ Enjoy free time with your friends during the evening.
May 25, 2015 <i>Monday</i> <u>Meals Included:</u> Breakfast Dinner	Beijing: Free Day and Dinner ▪ Today: Live the life of a local while you explore Beijing on your own. ▪ Spend free time shopping and exploring. ▪ Enjoy dinner with your group at a local Beijing restaurant, followed by a performance staged at the famous Beijing Opera.
May 26, 2015 <i>Tuesday</i> <u>Meals Included:</u> Breakfast Dinner	Transfer to Shanghai & Evening Acrobatic Show ▪ Today: Travel cross-country in a high speed train and get introduced to Shanghai. ▪ Check out of your hotel to depart for the train station. ▪ Enjoy a unique travel experience aboard the high speed train from Beijing to Shanghai (approximately 5 hours). ▪ Arrive in Shanghai, where you'll marvel at the expanse of skyscrapers in every direction on the way to your hotel for check-in. ▪ Attend the Shanghai Acrobatic show, a truly remarkable display of courage and skill. ▪ Enjoy dinner together as a group after the show.

May 27, 2015

Wednesday

Meals Included:
Breakfast

Shanghai: YuYuan Gardens, Jade Buddha Temple, City Tour

- **Today:** Gain a broad understanding of Shanghai, from botany to business.
- From botanical gardens to the local Walmart, a full-day tour of Shanghai will give you the flavor of this metropolitan marvel. Stops include the YuYuan Gardens, Jade Buddha Temple, Nianjing Road, Walmart, and, of course, the Shanghai Global Financial Center, where a trip to the 100th floor will give you the best view in Shanghai.
- Eat, wander, and shop on Taikang Road at the former French concession before dinner with your friends at one of Shanghai's many chic restaurants.

May 28, 2015

Thursday

Meals Included:
Breakfast
Dinner

Shanghai: School Visit, Free Afternoon, and Group Dinner

- **Today:** Compare and contrast the Chinese educational experience with your own.
- Travel to an area school for interaction with Chinese students.
- Return to the hotel and enjoy free time over lunch.
- Spend the afternoon exploring Shanghai with your friends.
- Enjoy dinner with your group at a local Shanghai restaurant.

May 29, 2015

Friday

Meals Included:
Breakfast

Shanghai: Business or Cultural Visits

- **Today:** Better understand Chinese culture and business (today's inclusions to be catered to your group's primary focus).
- Participate in cultural activities such as a martial arts class and visiting the Shanghai Museum, or take part in two business visits within Shanghai's city limits.
- Enjoy free time and dinner with your friends in the evening.

May 30, 2015

Saturday

Meals Included:
Breakfast
Lunch
Dinner

Shanghai: 2015 US-China Student Summit - Day 1

- **Today:** Why are we here? History, culture, and common ground.
- Participate in a full day of speakers, panels, and small group discussions with other US and Chinese students.
- Enjoy lunch between scheduled activities.
- Take part in the Student Summit celebration dinner, including social time and local food with your new Chinese friends.

May 31, 2015

Sunday

Meals Included:
Breakfast
Lunch
Dinner

Shanghai: 2015 US-China Student Summit - Day 2

- **Today:** Consider how to become a global leader and what you will do to shape US-China relations.
- Dig deeper into topics surrounding US/China relations, global leadership, and innovation as you continue to build relationships with your Chinese counterparts.
- Enjoy lunch between small-group sessions.
- Return to the hotel after the summit for free time.
- Celebrate a successful trip with your group during a farewell dinner at local restaurant.

June 1, 2015

Monday

Meals Included:
Breakfast

Other meals per airline

Shanghai: Free Time & Depart for Home

- Check out of your hotel before noon and enjoy free time in Shanghai (group may store luggage at the concierge desk).
- Meet back at the hotel in the late afternoon for your group's airport transfer.
- Travel back to the United States.