ECO 372  Topics in Country and Regional Economics: East Asian Economic Development
Spring 2008, T/Th 1:30pm – 2:50pm, McCosh 64
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Course Description
The course uses two approaches to analyze economic development in East Asia. First, theoretical concepts of economic development are illustrated using individual East Asian countries. Second, country-specific current development issues of selected East Asian countries are examined. A number of concepts and events specific to East Asia are integrated into the course, including the East Asian “development miracle,” the role of the government in East Asian economic development, the East Asian financial crisis, and differences in the development strategies and development paths of East Asian countries. 
Prerequisites: ECO 100, ECO 101; not open to Freshmen

Course Objectives
• To understand economic concepts relevant in the analysis of economic development.
• To examine what, if anything, is special about East Asia’s economic development.
• To gain a deeper understanding of the development process in at least one East Asian country.
• To become aware of the limitations to explaining economic development and to abstracting to general “good” practices of economic development.

Grading
20% midterm exam; closed-book, 11 March 08
40% final exam; closed-book, cumulative, in spring term examination period
25% paper and oral presentation; paper due on Dean’s Day 13 May; also see separate handout
15% problem sets; do 6 out of approx. 8; Pass/Fail; cooperation OK but answers not identical

Textbooks
We’ll use several chapters from two books, one a standard economic development text, the other the original World Bank Miracle text.
There are no “lecture notes,” and it’s not a ppt class.

The usual fine print
Exams cover material presented in class, assignments, the required readings, and possibly details on one country of your choice.
You can appeal grades in writing within seven days of return of the work for a full re-grading.
There are no extra-credit assignments.
Missing exams is acceptable only under the usual extenuating circumstances plus documentation (in case of medical reason, a medical certificate that you have been too ill to work on the day of the exam).
Class Schedule and Reading List

* = “required” reading.
(*) = give it a try. The reading may be a bit heavy. Or it may just be that there is already too much required reading for this particular topic. Try to get the gist. If you are short of time or disinterested in this reading, skip it.
All other readings are optional.

Week 1 (T 5 Feb., R 7 Feb.)

1. Front Matters

1.1 Causal arguments
What is a causal argument and how close can we get to making one in development economics?
* King, Gary, Robert O. Keohane, and Sidney Verba. Designing Social Inquiry: Scientific Inference in Qualitative Research. Ewing, NJ: Princeton University Press, 1994, Chapter 3, “Causality and Causal Inference,” pp. 75-113, in particular pp. 75-85 and 91-5. If you read beyond these selected (particular) pages: if you want to, skip the (little) statistics. Try to understand the argument and enjoy the applications (but if you don’t get all, no sweat, skim through). Causality is at the core of much of development economics (and just about any other subject of scientific inquiry).

1.2 East Asia
What’s “East Asia?” There is no one definition of “East Asia.”
Try http://en.wikipedia.org/wiki/Asia; …. /East_Asia; …. /Southeast_Asia. Alternatively, check out the World Bank website, or go to Miracle text (pp. xvi and 1).

1.3 Economic development
What do we mean when we speak of “development?”
* Cypher/Dietz (Chapter) 2. Feel free to skip the “Focus boxes.” Skim Ch. 1 (10min).
http://www.gapminder.org/world
Happy Planet Index: http://www.happyplanetindex.org/list.htm
1.4 Development economics

What’s “development economics?” What does it do and what are its limitations?


Week 2 and part of week 3 (T 12 Feb., R 14 Feb., T 19 Feb.)

2. A Quick Tour Around East Asia

2.1 China

China’s economic development seems endless. How endless?


Zheng Bijian. “China’s ‘Peaceful Rise’ to Great-Power Status.” Foreign Affairs 84, no. 5 (Sept./Oct. 2005). [the title says it all; google for online article; check out the byline… this is a Chinese “Communist” “Party” “official”]

McNally, Christopher A. “Introduction: the China Impact” and “Conclusion: Capitalism in the Dragon’s Lair,” Chapters 1 and 12 in Christopher A. McNally, China’s Emergent Political Economy: Capitalism in the Dragon’s Lair, New York: Routledge, 2008, pp. 3-16, 228-44.

2.2 Japan

When Japan was expected to surpass the U.S.


2.3 (South) Korea, Taiwan, Hong Kong, Singapore

The four Asian tigers, which completes “East Asia.” Peruse other Asian countries at your leisure.


Week 3 (remainder) and week 4 (R 21 Feb., T 26 Feb., R 28 Feb.)
3. Miracle: the Views of East Asian Economic Development Pre-Miracle, Miracle, Post-Miracle

3.1 Pre-miracle
There was a time when no East Asian miracle was in sight. Europe developed before East Asia. What was going on in East Asia? --- The case of China

Try to cruise through the two readings at good speed. Go for the main points and skip the details.


* Lin, Justin Yifu. “The Needham Puzzle: Why the Industrial Revolution Did Not Originate in China.” *Economic Development and Cultural Change* 43, no. 2 (Jan. 1995): 269-92. [If you are very short of time, go for the concluding remarks, but the whole piece is worthwhile reading; can skip the endnotes without much damage.]

(* Cypher/Dietz 3 --- strongly recommended (skim, 10-20min)


3.2 Miracle
Look, it’s a ☺ *miracle* ☺!!!

* Miracle: Overview, (Chapter) 1 (pp. 1-77, read pp. 1-60)


Wade, Robert. “Japan, the World Bank, and the Art of Paradigm Maintenance: The East Asian Miracle in Political Perspective.” *New Left Review* 217 (May-June 1996): 3-36. [Background information to the process by which the *Miracle* study was written.]

3.3 Post-miracle
No, it’s not a miracle(?). After the Asian Financial Crisis everybody knows better, including the World Bank (whose people wrote the Miracle). Here a couple of early critics, pre-Asian Financial Crisis, and then the “official” post-Asian Financial Crisis update, by World Bank people. (BTW, what does this episode tell you about how economists do economics?)


* Yusuf, Shahid. “The East Asian Miracle at the Millennium,” Chapter 1 in Joseph E. Stiglitz and Shahid Yusuf, eds., Rethinking the East Asia Miracle, Oxford: Oxford University Press, 2000, pp. 1-53 (pp. 39-53 are notes and references; feel free to skip)


Hall, Rodney Bruce. “The Discursive Demolition of the Asian Development Model.” International Studies Quarterly 47, no. 1 (March 2003): 71-99. [When we are talking about the miracle, are we talking economics or blindly swallowing propaganda?]

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Weeks 5 and 6 (T 4 March, R 6 March, R 13 March)
Midterm exam T 11 March

4. Concept and Practice of Economic Development in East Asia: Role of the State

4.1 Theory of economic development and the role of the state
Grand and not so grand theories with less or more empirical foundation.

* Cypher/Dietz 5, 7
 [we will not cover Chapters 4 and 6; if you are interested in these chapters, read them now]


4.2 Practice of economic development and the role of the state
The state in the economy, on the ground.

* Miracle 2 (pp. 79-103)


Examples of country-specific literature (beyond the Taiwan example above) --- let’s take a look at just one (the starred one):


The literature on economic developmentalism / role of the state / East Asian model is endless. More by way of example than anything else:


Spring recess 15-23 March

Week 7 (T 25 March, R 27 March)

5. **State champions and industrial targeting**

The bigger the better? Advantages and disadvantages of state champions. The experience with industrial targeting.


* Miracle* pp. 304-16 of Ch. 6


6. Structural Transformation and International Trade

Industrialization patterns in East Asia.

* Cypher/Dietz 9, 10
* Miracle pp. 123-47 of Ch. 3, pp. 292-304 of Ch. 6


7.8. Growth Analysis from the Point of View That the Whole Economy Is One Firm
What enters the production process in the one-firm one-product economy? There’s capital, that comes with embodied technology, and labor, which comes with embodied education, and then there’s everything else that we can’t pin down in this whole-economy-one-firm one-product simplification and call “total factor productivity.”

7. Physical capital

7.1 Savings and investment, capital
* Miracle pp. 203-42 of Ch. 5

7.2 Capital accumulation vs. total factor productivity
A lot on the whole-economy-one-firm case. But let’s also look at a concrete example of innovation.
* Cypher/Dietz 8

(*) In the following three articles take it easy on the math. Try to get the gist. The intro and conclusion of an article may be good starting points, and may be all that you want.

7.3 Innovation
Innovation happens in individual firms. It’s different in every firm. There is no easy economy-wide measure. Here some concrete examples of innovation.

8. Human capital and labor

8.1 Labor markets
Miracle pp. 261-73 of Ch. 6

8.1 Education
* Cypher/Dietz pp. 362-70 of Ch. 12 [feel free to also read the other pages of this chapter]
* Miracle pp. 191-203 of Ch. 5

8.2 Demographics

Weeks 11-12  (T 22 April, R 24 April, T 29 April, R 1 May)  
+ some presentations

9.-19. Other East Asian Economic Development Issues

Let’s choose four topics for class. I suggest the first four (9-12).
The other ones then are fair game for papers/presentations (and their readings then are not considered “required”).
There’s a lot of literature on these topics. The articles and book chapters listed here are a good starting point, and maybe all you want.

9. Culture, networks
10. Multinationals and globalization
The topic is too big for comprehensive treatment, involving issues of foreign direct investment, technology transfer, role of multinationals (in different respects), international network production, foreign trade... Let’s do the textbook chapter for an overview, and pick a few kernels around East Asia.


11. The Asian Financial Crisis
* Miracle pp. 273-91 of Ch. 6

A few (more) items as a crosscut of the very large literature:
Choi, Jin-Wook. “Regulatory Forbearance and Financial Crisis in South Korea. *Asian Survey* 42, no. 2 (March-April 2002): 251-75. [Published in 2002, it takes a slightly longer view than just the crisis itself. Focuses on one country, Korea]


12. Flying geese and regional economic development
Also “About ASEAN” at http://www.aseansec.org/

13. Gender and economic development in East Asia
Appropriate readings on this (broad) topic are scarce. The first article below comes close, but is in parts quite abstract. The Meier textbook on economic development has a general section. For more, typically somewhat specialized literature related to gender and development, go through the reference list of the two articles listed below; you can also do a Social Science Citation Index search for more recent literature that cites these two articles or their references. Or go to a database and search by keyword.

14. Second-best, feasible development paths vs. idealistic but problematic development paths

15. Income (in)equality and growth
* Miracle 4 (pp. 157-189) and much more --- but Ch. 4 in the Miracle is a good starting point
16. **Macroeconomic equilibrium and finance**
* Cypher/Dietz 15
* *Miracle* pp. 105-23 of Ch. 3

17. **Economic development and democratization**
And several books…

18. **Trade and trade frictions**

19. **Labor movements**

Reading period 5-13 May

Spring term examinations 14-24 May
History and Country-Specific Literature
There are lots of books (as well as journal articles). Most of the books are concentrated on specific shelves, easy to browse (including as virtual shelf). Below are just a very few of the many books.

Historical background

Country-specific literature (beyond EIU, ADB, OECD etc. reports)
China
Japan
Korea
Taiwan
Multiple East Asian countries
Appelbaum, Richard P., and Jeffrey Henderson (eds.). States and Development in the Pacific Rim. Newbury Park, CA: Sage Publications, 1992. (Korea, Malaysia, Japan; also chapters on women, export-oriented growth and the state in Taiwan, and on women, the family, and the state in Hong Kong, Taiwan and Singapore)


Miracle pp. 148-55 has “economic and political timelines” for Indonesia, Malaysia, Singapore, and Taiwan.

Morrissey, Oliver, and Doug Nelson. “East Asian Economic Performance: Miracle or Just a Pleasant Surprise? World Development 21, no.7 (Sept. 1998): 855-79. (Includes discussion of Indonesia, Malaysia, Korea, Philippines, Taiwan, and Thailand.)

Ravich, Samantha Fay. Marketization and Democracy: East Asian Experiences. Cambridge, UK: Cambridge University Press, 2000. (Korea, Taiwan, Indonesia, China)


Your country

Choose one East Asian country of your choice by the end of the second week of the semester. (You’ll be asked for your choice at the beginning of the third week.) If you have difficulty deciding on a country, take a look at some photos? Ex.: http://www.peterlanger.com/asia.htm.

If you want to choose an Asian country that’s not considered East Asia: India, Malaysia, Thailand, Indonesia, Laos, Burma, Vietnam, and the Philippines are all OK. For others, consult the instructor.

Know something about “your” country, ideally (a) the basics, (b) a bit more on the economy today, and (c) a bit more on the history.

(a) For basic facts, see, for example, https://www.cia.gov/library/publications/the-world-factbook/index.html

(b) For a bit more on the economy today, see, for example, (i) PUL databases --- EIU Country Profiles and Reports --- choose your country; (ii) OECD (Organization for Economic Cooperation and Development) country reports: http://www.oecd.org/ --- type your country name into the search window, in the list that comes up look for ‘policy brief,’ ‘economic survey’ or some such term; (iii) ADB (Asian Development Bank): http://www.adb.org/Countries/ --- choose your country; in a second step you can further click on the tab ‘Publications’ and sort by date; (iv) World Bank, International Monetary Fund, others.

(c) For suggestions on history books and books on East Asian economies see the list at the end of the course outline. But there is a lot more. Book-wise, find a couple of call numbers, then go to the (physical or virtual) shelf and look left and right of your call numbers, too. Article-wise, search the database EconLit.
Paper and oral presentation

Decide on a paper topic—some economic development issue in East Asia—by Thursday 6 March. The country covered in your paper can but need not be identical to “your country.” Feel free to run the topic by the instructor.

Feel free to explore one or more of the required/optional/additional readings as a starting point for your paper—for example, they may point you to a case study of something, or to establishing a critique of some particular (narrow) aspect of the Miracle report.

Try to keep the topic simple and interesting. There is no need to bedazzle, but a need to be clear and meaningful.

(i) Try to phrase the topic (or question) of the paper precisely. Can you further elaborate on it in three sentences in a way that your grandparents understand what you are doing in the paper? (ii) Describe what you want to describe, or make the points that support your argument or answer your questions. (iii) Conclude / draw out possible implications (why should we care about what you found). (iv) Properly formatted references.

It’s OK for the paper to be primarily descriptive. Try to coax out some implications at the end.

It’s OK to rely solely on secondary literature. If your topic has to do with numbers, feel free to explore the website and print publications of your country’s statistical authority.

A very rough guide to the number of pieces of literature to consult: 3-12.

You are most welcome to choose a topic as a group, and to present your paper as a group. If the group hands in one identical paper for every member, standards are expected to be slightly higher and the length can be slightly longer than if each member writes his/her own and clearly distinct paper.

Paper length: max. five 1.5 or double-spaced pages, excluding tables, figures, and references. Due on Dean’s Day 13 May in 330 Aaron Burr Hall (or at another location as may be announced).

Presentation: solo presentation 5min (max. 10min); group presentation up to 15-20min; prepare a one-page handout (ideally around 250 words, max. 500) that summarizes what you present / makes the argument and supports it. Be prepared to answer questions.

Grading: unless someone makes a counterproposal for grading and we agree on the counterproposal before spring break, the following applies:

10 out of the 25 percentage points are near-automatic for anything decent.

5 percentage points each for (1) clarity (including presentation in the paper), (2) topic is non-trivial / interesting, and (3) quality of description (if argument: is it compelling)?

No particular grading for presentation in class. Just do a good job. In case of clearly poor performance, a few points may be subtracted; this is unlikely.