SOSC 341  East Asian Economic Development  
Spring 2009, Mon/Wed 12:00pm – 1:20pm, Room 1511  
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Course Description  
The course examines East Asia’s economic development using theoretical concepts of development economics that range from classical to developmentalist and neoclassical theories. It also covers a number of concepts and events specific to East Asian economies, including the East Asian “development miracle,” the role of government in East Asia’s economic development, demographic change, cultural idiosyncracies, the East Asian financial crisis, regional production networks, and differences in the development strategies and development paths of East Asian countries.  
Prerequisites: undergraduate level introductory microeconomics and macroeconomics (ECON110/111/191/198/214; ECON112/199/216)  

Course Objectives  
• Understand economic concepts relevant in the analysis of economic development.  
• Understand the various development processes in East Asian economies.  
• Examine what, if anything, is special about East Asia’s economic development, and to what degree does an “East Asian development model” exist.  
• Become aware of the limitations to explaining economic development and to abstracting to general “good practices” of economic development.  

Requirements and grading  
18% midterm exam, in-class; closed-book; Wednesday 25 March  
35% final exam; closed-book, cumulative; in spring term examination period  
25% paper; detailed instructions are appended; due Friday, 22 May, noon  
14% assignments (problem sets); do 8 out of at least 10; Pass/Fail; cooperation OK but answers not identical  
8% quiz or précis; Pass/Fail  
If class enrollment is larger than approximately 15, we will have regular quizzes, typically on one (or two) of the assigned readings for that class. 70% of the quizzes need to be passed for the full 8%.  
If class enrollment is below approximately 15, each student prepares and presents two one-page précis; a précis is a summary of one academic research paper (typically journal article or book chapter) with a critical evaluation by the student. If we can’t comfortably fit two précis per each student into the course schedule, then this requirement may be reduced to one précis per student. Details on précis are appended. --- If we do the précis and it turns out that few do the required readings, then we’ll do quizzes, too (pass 70% for a max. 8% of the final grade, with the 8% taken proportionally from the other requirements).
Learning outcomes
On completing this course, students should possess a basic knowledge of the theories of
development economics and the development paths of several East Asian economies.
Students should be able to
- explain the economic development of an East Asian country using concepts of
development economics;
- apply concepts of development economics whenever facing issues of economic
development (not necessarily specific to East Asia);
- summarize and critically evaluate existing research literature on East Asia’s economic
development, and to present the findings;
- independently investigate and put into perspective topics related to East Asia’s
economic development;
- bring a quality of judgment and evaluation to dispersed information on East Asia’s
economic development.
The midterm and final exams provide incentives for students to familiarize themselves with
facts and theories; they also provide an opportunity to develop an argument. The précis
encourage(s) students to critically absorb research literature as well as to speak in front of a
group of people and to respond to comments and questions. The term paper allows students to
practice independent investigation of a research topic.

Textbook
If the third edition is not available in the campus bookshop, we will work with the second
edition until the third edition becomes available.
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.


Weeks 1 and 2 (2, 4, 9, 11 February)
9 Feb.: Film China Blue combined with topic 15

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: feel free 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).

2. Development economics

2.1 Economic development
What do we mean when we speak of “development?”
* Cypher/Dietz (Chapter) 2 “Measuring economic growth and development.” Feel free to skip the “Focus boxes.” Skim Ch. 1 (10min).
2.2 Theory of economic development
* Cypher/Dietz 4 “Classical and neoclassical theories”
* Cypher/Dietz 5 “Developmentalist theories of economic development,”
* Cypher/Dietz 6 “Heterodox theories of economic development”

2.3 Krugman vs. development economics

Week 4: 23 February

3. Why Did Asia/China Not Industrialize Earlier?
* 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.]

Week 4: 25 February

4. The East Asian 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?)

  


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?]

5. Import substitution and export promotion

One particular development strategy, which happens to have worked well in East Asia

* Cypher/Dietz 9 “The initial structural transformation: initiating the industrialization process”

* Cypher/Dietz 10 “Strategy switching and industrial transformation”

* Miracle pp. 123-47 of Ch. 3, pp. 292-304 of Ch. 6


6. Industrial Policy

Another strategy item of economic development that appears to have worked well in East Asia. The bigger the better? Advantages and disadvantages of state champions. Some basics.


(*) *Miracle* pp. 304-16 of Ch. 6 (“Industrial Policies”)


7. Theory of economic development and the role of the state

* Cypher/Dietz 7 “The state as a potential agent of transformation”


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


Week 7: 18 March

7.1 Korea

Miracle 2 (pp. 79-103)

Week 8: 23 March

7.2 Taiwan
(* Cypher/Dietz 11 “Agriculture and development”


*Week 8: 25 March midterm exam*

*Week 9: 30 March*

**7.3 Japan**


*Week 9: 1 April*

**7.4 Hong Kong and Singapore**

7.5. China: Transition Vs. Development

China’s economic transition


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.

Week 11 --- spring break
8-9. 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, which 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 which we call “total factor productivity.”

8. Physical capital

8.1 Savings and investment, capital
Before we jump into the one-firm one-product math, some real world issues.

8.2 Total factor productivity
This is the core of the one-firm one-product math.
* Cypher/Dietz 8 “Endogenous growth theories and new strategies for development.”
(*). 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.

There is a lot more literature. Some examples:

8.3 Innovation
Let’s drop the one-firm one-product economy. Innovation happens in individual firms. It’s different in every firm. There is no easy economy-wide measure. Here some concrete examples of innovation. We go from the previous macro math model to the (here) intermediate summary data for one economy on technology transfer and R&D to endless details on just one industry.
9. Human capital and labor

9.1 Labor markets
(*) Miracle pp. 261-73 of Ch. 6

9.2 Education
* Cypher/Dietz pp. 362-70 of Ch. 12 “Population, education and human capital” [feel free to also read the other pages of this chapter]
(*) Miracle pp. 191-203 of Ch. 5

9.3 Demographics

Weeks 14-15 (4, 6, 11, 13 May))

10.-20. Other East Asian Economic Development Issues
Let’s choose four or five topics for class. I suggest the first four (10-13). Then the starred readings of topics 14-21 are *not* required. All readings of topics not covered in class are fair game for papers/presentations.
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.
10. **Non-economic origins of East Asia’s economic development**


11. **Culture, networks, civil society, and East Asia’s economic development**


12. **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.

* Cypher/Dietz 14 “Multinational corporations and economic development” [take it easy on the “boxes”]


(*) Cypher/Dietz 15 “Macroeconomic equilibrium: the external balance”

13. **Flying geese and regional economic development, ASEAN**


14. The Asian Financial Crisis


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.]

15. Gender and economic development in East Asia

Appropriate readings on this (broad) topic are scarce. The Meier textbook on economic development has a general section. For more, typically somewhat specialized literature related to gender and development, go through the references of the articles listed below.


16. China Vs. India

17. Income (in)equality and growth
* Miracle 4 (pp. 157-189) and much more --- but Ch. 4 in the Miracle is a good starting point

18. Macroeconomic equilibrium and finance
* Cypher/Dietz 15 “Macroeconomic equilibrium: the external balance”
* Miracle pp. 105-23 of Ch. 3

19. Economic development and democratization
And several books…

20. Trade and trade frictions, free trade area, ASEAN
Just a couple of items from many, one on trade frictions, and one specifically on China’s export patterns.

21. Labor movements

21. Distinctive Institutions
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)


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


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, or wikipedia

(b) On the economy today, see, for example, (i) HKUST databases --- eiu.com = EIU Country Profiles and Reports --- choose your country; (ii) OECD (Organization for Economic Co-operation 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. Article-wise, search the database EconLit.

Ideally, know your country in relation to another country with which you are already familiar, such as the U.S. or Hong Kong (for which you could refresh your knowledge via (a)).

For a brief reading that comprises all three elements, look up the country on wikipedia.
One-page interpretative précis

Maximum one page (approximately 500 words; 1-inch margins and font size 12 if using Times New Roman).

Ideally, a précis does three things:
(1) It summarizes the key arguments of the text.
(2) It provides a critique of these arguments.
(3) It suggests how to improve the argument, or it suggests additional / new research starting from the text.

An introductory sentence or short paragraph should provide a clear frame for the argument(s).

Any of the optional / recommended texts are OK for a précis. Some of the required readings may also be OK; check with the instructor. The required reading listed first for each class is unlikely to be available for a précis.

Relevant texts not included in the course outline are also OK. Check with the instructor.

- Provide your name, student ID, and the course number at the top of the first page.
- Provide full bibliographic information of the text on which your précis is based.
- Start your précis with a 1-3 sentence summary statement of what the text is about, phrased in a way that allows your grandparents to understand what you are talking about and what the argument is.
- Email your précis to fellow students 24 hours before the class meets.

Fellow students are asked to read each précis before coming to class, and to be prepared to comment, expand on the précis/underlying text, and raise questions.
Paper

Decide on a paper topic—some economic development issue in East Asia—early on, say, by mid-March. You’ll be asked for your topic after the mid-semester break (probably Monday, 20 April). 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 welcome to choose a topic 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 Friday, 22 May 2009, noon.

Grading: unless someone makes a counterproposal for grading and we agree on the counterproposal in the first two weeks of the semester, 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)?

Penalties for handing in late: hand in

- Friday, 22 May, *after* noon and *before* 5:30pm when the general office closes: -10%.
- Between Friday 5:30pm and Saturday 5:30pm --- by email only: -30%.
- Between Saturday 5:30pm and Sunday 5:30pm --- by email only: -40%.

After that continue subtracting 10 percentage points for every day, with the day running from 5:30pm one day to 5:30pm the next day.