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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.

(1) “Cypher/Dietz.” Cypher, James M., and James L. Dietz. *The Process of Economic Development*. Second edition. New York: Routledge, 2004.

(2) “*Miracle*.” World Bank. *The East Asian Miracle: Economic Growth and Public Policy*. World Bank Policy Research Reports. Washington, D.C.: The World Bank, 1993.

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).

<http://site.ebrary.com/lib/princeton/Doc?id=10035824&ppg=83>

(*) Friedman, Milton. “The Methodology of Positive Economics.” In Milton Friedman. *Essays in Positive Economics*. Chicago: The University of Chicago Press, 1953, pp. 3-46. Online at: <http://academic2.american.edu/~dfagel/Class%20Readings/Friedman/Methodology.pdf>, or at: <http://members.shaw.ca/compilerpress1/Anno%20Friedman%20Positive.htm>

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).

* Sen, Amartya. *Development as Freedom*. New York: Knopf, 1999. “Introduction: Development as Freedom,” pp. 3-11. [Optional: Chapters 1 and 2, “The Perspective of Freedom” and “The Ends and the Means of Development,” pp. 13-34 and 35-53.]

<http://site.ebrary.com/lib/Princeton/Doc?id=2002145&ppg=20>

<http://www.gapminder.org/world>

Happiness indices: http://www.nationmaster.com/graph/lif_hap_net-lifestyle-happiness-net

http://www1.eur.nl/fsw/happiness/hap_nat/nat_fp.htm click on “nation ranks -- level”

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?

- * Krugman, Paul. "The Fall and Rise of Development Economics," in Lloyd Rodwin, Donald A. Schön, eds., *Rethinking the Development Experience : Essays Provoked by the Work of Albert O. Hirschman*. Washington, D.C. : Brookings Institution, 1994, pp. 39-58. Also at <http://web.mit.edu/krugman/www/dishpan.html> --- let's use this web version. If you want, skip the little math model. Go for the big ideas expressed in this article.

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?

- * Holz, Carsten A. "China's Economic Growth 1978-2025: What We Know Today About China's Economic Growth Tomorrow." July 2007. Forthcoming in *World Development*.
- 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.

- * Vogel, Ezra F. *Japan as Number One: Lessons for America*. Cambridge, MA: Harvard University Press, 1979. Chapter 2, "The Japanese Miracle," pp. 9-23. Strongly recommended: Chapters 1 and 10, "A Mirror for America," pp. 3-8, "Lessons: Can a Western Nation Learn from the East," pp. 225-56.

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

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

- * Wan, Henry Y. Jr. *Economic Development in a Globalized Environment: East Asian Evidences*. Norwell, Ms: Kluwer Academic Publishers, 2004, Chapters 7-10, pp. 191-296. This is a rather condensed tour de force, full of ideas, not always very polished. Skip math presentations in text. Feel free to skip chapter appendices/ chapter end matters.
- Vogel, Ezra F. *The Four Little Dragons: the Spread of Industrialization in East Asia*. Cambridge, MA: Harvard University Press, 1991. (139pp. of which 112pp. text, large print)

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.

* Elvin, Mark. *The Pattern of the Chinese Past*. Stanford, CA: Stanford University Press, 1973. Chapter 17, "Quantitative Growth, Qualitative Standstill," pp. 286-316.

* 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)

Landes, David S. "Why Europe and the West? Why Not China?" *Journal of Economic Perspectives* 20, no. 2 (spring 2006): 3-22.

Shiue, Carol H., and Wolfgang Keller. "Markets in China and Europe on the Eve of the Industrial Revolution." *American Economic Review* 97, no. 4 (Sept. 2007): 1189-1216.

3.2 Miracle

*Look, it's a ☺ *miracle* ☺!!!*

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

(* Graham, Edward M. *Reforming Korea's Industrial Conglomerates*. Washington, DC: Institute for International Economics, 2003. Chapter 2, "The Miracle with a Dark Side: Korean Economic Development under Park Chung-hee," pp. 11-50. [The WB's *Miracle* doesn't exactly dwell on cronyism, illicitly gained wealth, and military dictatorship. Graham provides a more balanced view (while still focusing on economics). An interesting read, too.]

Page, John M. "The East Asian Miracle: An Introduction." *World Development* 22, no. 4 (April 1994): 615-25. [Exactly what it says: an 11-page intro, written by a World Bank staff]

Rowen, Henry S., "The Political and Social Foundations of the Rise of East Asia: and Overview," and "What Are the Lessons from East Asia," Chapters 1 and 15 in Henry S. Rowen (ed.), *Behind East Asian Growth: the Political and Social Foundations of Prosperity*, London: Routledge, 1998, pp. 1-36, 341-7. [A lucid piece that goes beyond the World Bank's potpourri in the *Miracle*.]

Stiglitz, Joseph E. "Some Lessons from the East Asian Miracle." *The World Bank Research Observer* 11, no. 2 (Aug. 1996): 155-77. [A senior economist expands on the *Miracle*.]

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?)

* Krugman, Paul. "The Myth of Asia's Miracle." *Foreign Affairs* 73, no. 6 (Nov./Dec. 1994).

<http://fullaccess.foreignaffairs.org/19941101faessay5151/paul-krugman/the-myth-of-asia-s-miracle.html>

- * Perkins, Dwight H. "There Are At Least Three Models of East Asian Development." *World Development* 22, no. 4 (April 1994): 665-61.
 - * 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)
 - (*) Amsden, Alice H. "Why Isn't the Whole World Experimenting with the East Asian Model to Develop?: Review of *The East Asian Miracle*." *World Development* 22, no. 4 (April 1994): 627-33.
 - (*) Krugman, Paul. "What Ever Happened to the Asian Miracle?" *Fortune Magazine* 136, no. 4 (18 Aug. 1997): 26-29. Easiest available at <http://web.mit.edu/krugman/www/perspire.htm>
 - (*) Stiglitz, Joseph E. "From Miracle to Crisis to Recovery: Lessons from Four Decades of East Asian Experience," Chapter 13 in Stiglitz/Yusuf 2000, pp. 509-26.
- 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?]

*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]

* Hirschman, Albert O. *The Strategy of Economic Development*. New Haven: Yale University Press, 1961. Chapter 4 "Unbalanced Growth: An Espousal," pp. 62-75 (particularly 62-72), and Chapter 5 "Investment Choices and Strategies," pp. 76-97.

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)

* Wade, Robert. "State Intervention in 'Outward-looking' Development: Neoclassical Theory and Taiwanese Practice," Chapter 2 in Gordon White (ed.), *Developmental States in East Asia*. London: The MacMillan Press, 1988, pp. 30-67.

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

Japan * Aoki, Masahiko, Hying-Ki Kim, and Masahiro Okuno-Fujiwara. *The Role of Government in East Asian Economic Development: Comparative Institutional Analysis*. Oxford: Oxford University Press, 1997. Chapter 8, "Unintended Fit: Organizational Evolution and Government Design of Institutions in Japan," pp. 233-53. [Take it easy on the final pages if things sound highly abstract.]

Lincoln, Edward J. *Arthritic Japan: the Slow Pace of Economic Reform*. Washington, DC: Brookings Institution Press, 2001. Chapter 2 “The Postwar Economic System” pp. 16-55.
Korea Harvie, Charles, and Hyun-Hoon Lee. *Korea’s Economic Miracle: Fading or Reviving?* New York: Palgrave MacMillan, 2000. Chapters 1-3, “Introduction,” “Korea’s Economic Miracle 1962-89,” and “The Fading Miracle, 1990-97,” pp. 1-6, 9-40, and 41-75.
China Kroeber, Arthur R. “Developmental Dreams: Policy and Reality in China’s Economic Reforms.” February 2007.

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

- Chang, Ha-Joon. “The Role of Institutions in Asian Development.” *Asian Development Review* 16, no. 2 (1998): 64-95.
- Hamilton, Gary G. et al. “Neither States nor Markets: the Role of Economic Organization in Asian Development.” *International Sociology* 15, no. 2 (June 2000): 288-305. [The general state vs. market view misses some crucial points.]
- Kuznets, Paul W. “An East Asian Model of Economic Development: Japan, Taiwan, and South Korea.” *Economic Development and Cultural Change* 36, no. 3, supplement (1998): S11-S43. [A broad overview]
- Rodrik, Dani. “The ‘Paradoxes’ of the Successful State.” *European Economic Review* 41, no. 3-5 (April 1997): 411-42. [A broader look at the state, starting with East Asia]
- Wade, Robert. “The Visible Hand: the State and East Asia’s Economic Growth.” *Current History* 92, no. 578 (Dec. 1993): 431-40. [A concise discussion of if East Asian economic policies are indeed ‘neoliberal’]
- Wade, Robert. *Governing the Market: Economic Theory and the Role of Government in East Asian Industrialization*. Princeton, NJ: Princeton University Press, 1990/2004. [Comprehensive, with lots of details]

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.

- * Flath, David. *The Japanese Economy*. Oxford: Oxford University Press, 2005. Chapters 9 and 12, “Industrial Policy” and “Industrial Organization,” pp. 185-214 (skim history section pp. 190-97) and 238-59 (skip section “Welfare losses...” pp. 252f).
- * *Miracle* pp. 304-16 of Ch. 6
- * Okimoto, Daniel I. *Between MITI and the Market: Japanese Industrial Policy for High Technology*. Stanford, CA: Stanford University Press, 1989. Chapter 3, “MITI and Industrial Organization,” pp. 112-76.
- * Zeng Ming, and Peter J. Williamson. “The Hidden Dragons.” *Harvard Business Review* 81, no. 10 (October 2003): 92-99. Slightly updated as “The Global Impact of China’s Emerging Multinationals,” Chapter 5 in Christopher A. McNally (ed.), *China’s Emergent Political Economy: Capitalism in the Dragon’s Lair*. New York: Routledge, 2008, pp. 83-101.

- (*) Jenkins, Rhys. "The Political Economy of Industrial Policy: Automobile Manufacture in the Newly Industrialising Countries." *Cambridge Journal of Economics* 19, no. 5 (Oct. 1995): 625-45.
- (*) Kim, Eun Mee. *Big Business, Strong State: Collusion and Conflict in South Korean Development, 1960-1990*. Albany, NY: State University of New York Press, 1997. Chapter 3, "The Chaebol (Business Conglomerate), pp. 51-94.
- Cusumano, Michael A. *The Japanese Automobile Industry: technology and management at Nissan and Toyota*. Cambridge, MA: Harvard University Press, 1985. [You want details? Here you get plenty.]
- Okimoto, Daniel. *Between MITI and the Market*. Stanford, CA: Stanford University Press, 1989, pp. 55-86 of Chapter 2, "Industrial Policy Instruments of High Technology."
- Qian Yingyi. "Government Control in Corporate Governance as a Transitional Institution: Lessons from China," Chapter 7 in Joseph E. Stiglitz and Shahid Yusuf, eds., *Rethinking the East Asia Miracle*, Oxford: Oxford University Press, 2000, pp. 295-321.
- Thun, Eric. "Industrial Policy, Chinese-Style: FDI, Regulation, and Dreams of National Champions in the Auto Sector." *Journal of East Asian Studies* 4, no. 3 (2004): 453-89.

Week 8 (T 1 April, R 3 April)

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
- * Haggard, Stephan. *Pathways from the Periphery: the Politics of Growth in the Newly Industrializing Countries*. Ithaca, NY: Cornell University Press, 1990. Chapters 3-5, "Korea: from Import Substitution to Export-led Growth," pp. 51-75, "Taiwan: from Import Substitution to Export-led Growth," pp. 76-99, and "Singapore and Hong Kong: the Transition to Export-led Growth," pp. 100-125.
- (*) Fei, John C. H. "A Bird's Eye View of Policy Evolution in Taiwan: an Introductory Essay." In LI Kuo-Ting. *The Evolution of Policy behind Taiwan's Development Success*. Singapore: World Scientific Publishing Co., 1995, pp. 29-51.
- Haggard, Stephan. *Pathways from the Periphery: the Politics of Growth in the Newly Industrializing Countries*. Ithaca, NY: Cornell University Press, 1990. Chapters 6 and 7, "The East Asian NICs in the 1970s and 1980s: the Politics of Adjustment," pp. 126-160, and "Mexico and Brazil in Comparative Perspective: Two Import-Substituting Trajectories," pp. 161-188.
- Lawrence, Robert Z., and David E. Weinstein. "Trade and Growth: Import-Led or Export-Led? Evidence from Japan and Korea," Chapter 10 in Joseph E. Stiglitz and Shahid Yusuf, eds., *Rethinking the East Asia Miracle*, Oxford: Oxford University Press, 2000, pp. 379-408.

Weeks 9-10 (T 8 April, R 10 April, T 15 April, R 17 April)
+ some presentations?

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

* De Soto, Hernando. *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else*. New York: Basic Books, 2000. Chapter 2, "The Mystery of Missing Information," pp. 15-37, and Chapter 3, "The Mystery of Capital," pp. 39-67.

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.

Felipe, Jesus. "Total Factor Productivity Growth in East Asia: A Critical Survey." *Journal of Development Studies* 35, no. 4 (April 1999): 1-41.

Hsieh, Chang-Tai. "Productivity Growth and Factor Prices in East Asia." *American Economic Review* 89, no. 2 (May 1999): 133-38.

Young, Alwyn. "The Tyranny of Numbers: Confronting the Statistical Realities of the East Asian Growth Experience." *Quarterly Journal of Economics* 110, no. 3 (Aug. 1995): 641-80.

There is a lot more literature. Some examples:

Felipe, Jesus. "On the Myth and Mystery of Singapore's 'Zero TFP.'" *Asian Economic Journal* 14, no. 2 (June 2000): 187-209.

Hsieh, Chang-Tai. "What Explains the Industrial Revolution in East Asia? Evidence from the Factor Markets." *American Economic Review* 92, no. 3 (June 2002): 502-26.

Kim, Jong-Il, Lawrence J. Lau. "The Sources of Economic Growth of the East Asian Newly Industrialized Countries." *Journal of the Japanese and International Economies* 8, no. 3 (Sept. 1994): 235-71.

Young, Alwyn. "A Tale of Two Cities: Factor Accumulation and Technical Change in Hong Kong and Singapore." *NBER Macroeconomics Annual 1992*. Cambridge and London: MIT Press, 1992, pp. 13-54.

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.

- * Doner, Richard F., and Bryan Ritchie. "Economic Crisis and Technological Trajectories," Chapter 8 in William W. Keller and Richard J. Samuels (eds.). *Crisis and Innovation in Asian Technology*, Cambridge, UK: Cambridge University Press, 2003, pp. 187-225. [Optional: other chapters in this book, on Japan, Korea, Taiwan, China, and cross-country]
- Ernst, Dieter, and Barry Naughton. "China's Emerging Industrial Economy: Insights from the IT Industry," Chapter 3 in Christopher A. McNally, *China's Emergent Political Economy: Capitalism in the Dragon's Lair*, New York: Routledge, 2008, pp. 39-59.

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
- * Stevenson, Harold W. "Human Capital: How the East Excels," Chapter 7 in Henry S. Rowen (ed.), *Behind East Asian Growth: the Political and Social Foundations of Prosperity*, London: Routledge, 1998, pp. 147-64.

8.2 Demographics

- * Bloom, David E., and Jeffrey G. Williamson. "Demographic Transitions and Economic Miracles in Emerging Asia." *The World Bank Economic Review* 12, no. 3 (Sept. 1998): 419-55. [Take it easy on the math and econometrics]
- McNicoll, Geoffrey. "Policy Lessons of the East Asian Demographic Transition." *Population and Development Review* 31, no. 1 (March 2006): 1-25.
- Koo, Sung-Yeal. "Demographic Transition, Education and Economic Growth in East Asian Countries," Chapter 11 in Henry S. Rowen (ed.), *Behind East Asian Growth: the Political and Social Foundations of Prosperity*, London: Routledge, 1998, pp. 234-62.

*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

- * Greenhalgh, Susan. "De-Orientalizing the Chinese Family Firm." *American Ethnologist* 21, no. 4 (Nov. 1994): 746-75.

- * Wilkinson, Barry. "Culture, Institutions and Business in East Asia." *Organization Studies* 17, no. 3 (1996): 421-47.
- Miguel, Edward, Paul Gertner, and David I. Levine. "Does Industrialization Build or Destroy Social Networks." *Economic Development and Cultural Change* 54, no. 2 (Jan. 2006): 287-317
- Pekkanen, Robert. "After the Developmental State: Civil Society in Japan." *Journal of East Asian Studies* 4, no. 3 (2004): 363-88.
- Ruttan, Vernon W. "Cultural Endowments and Economic Development: Implications for the Chinese Economies." *China Economic Review* 6, no. 1 (Spring 1995): 91-104.

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.

- * Cypher/Dietz 14 [take it easy on the "boxes"]
- * Branstetter, Lee, and Jong-Rong Chen. "The Impact of Technology Transfer and R&D on Productivity Growth in Taiwanese Industry: Microeconomic Analysis Using Plant and Firm-Level Data." *Journal of the Japanese and International Economies* 20, no. 2 (June 2006): 177-92. [Skip the econometrics.]
- (*) Westphal, Larry E., Yung W. Rhee, and Garry Pursell. "Foreign Influences on Korean Industrial Development." *Oxford Bulletin of Economics and Statistics* 41, no. 4 (Nov. 1979): 359-88.
- (*) Yun, Chunji. "International Production Networks and the Role of the State: Lessons from East Asian Developmental Experience." *The European Journal of Development Research* 15, no. 1 (June 2003): 170-93.

11. The Asian Financial Crisis

- * *Miracle* pp. 273-91 of Ch. 6
 - * Lane, Timothy. "The Asian Financial Crisis: What Have We Learned?" *Finance & Development* 36, no. 3 (Sept. 1999): 44-7.
 - * World Bank. *East Asia: The Road to Recovery*. Washington, DC: World Bank 1998. Chapter 1, "East Asian Crisis: An Overview," pp. 1-17.
 - (*) Wade, Robert. "The Asian Debt-and-development Crisis of 1997-?: Causes and Consequences." *World Development* 26, no. 8 (Aug. 1998): 1535-53.
- 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]
 - Corsetti, Giancarlo. "Interpreting the Asian Financial Crisis: Open Issues in Theory and Policy." *Asian Development Review* 16, no. 2 (1998): 18-63. [A long and detailed piece. Author related to the Asian Development Bank. Take it easy on the game theory part.]
 - Haggard, Stephan. *The Political Economy of the Asian Financial Crisis*. Washington, DC: Institute for International Economics, 2000.

Kim, Jung. "The Political Logic of Economic Crisis in South Korea." *Asian Survey* 45, no. 3 (2005): 453-74. [Outlines domestic political obstacles to preventing the crisis before it happened.]

Radelet, Steven, Jeffrey D. Sachs (and Richard N. Cooper and Barry P. Bosworth in *Papers* but not in book chapter). "The East Asian Financial Crisis: Diagnosis, Remedies, Prospects." *Brookings Papers on Economic Activity* 1998, no. 1 (1998): 1-90. [Authors are heavyweights, but paper is long.]

12. Flying geese and regional economic development

* Bernard, Mitchell, and John Ravenhill. "Beyond Product Cycles and Flying Geese: Regionalization, Hierarchy, and the Industrialization of East Asia." *World Politics* 37, no. 2 (Jan. 1995): 171-209.

* Blomqvist, Hans C. *Economic Interdependence and Development in East Asia*. Westport, CT: Praeger, 1997. Chapter 2 "The 'Flying Geese' Model of Regional Development" pp. 13-29 (skip appendix on pp. 25-28).

(*) On ASEAN: Blomqvist, Hans C. *Economic Interdependence and Development in East Asia*. Westport, CT: Praeger, 1997. Chapter 7 "ASEAN—A Success Story?" pp. 109-22.

Also "About ASEAN" at <http://www.aseansec.org/>

Lincoln, Edward J. *East Asian Economic Regionalism*. Washington, DC: *The Brookings Institution*, 2004.

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.

* Truong, Thanh-Dam. "The Underbelly of the Tiger: Gender and the Demystification of the Asian Miracle." *Review of International Political Economy* 6, no. 2 (summer 1999): 144-65.

Brinton, Mary C., Yean-Ju Lee, and William L. Parish. "Married Women's Employment in Rapidly Industrializing Societies: Examples from East Asia." *American Journal of Sociology* 100, no. 5 (March 1995): 1099-1130.

Meier, Gerald M., and James E. Rauch. *Leading Issues in Economic Development*. Seventh edition. New York: Oxford University Press, 2004, pp. 263-282/4/8. (Eighth edition, 2005, pp. 261-83/91)

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

* Qian, Yingyi. "How Reform Worked in China," Chapter 11 in Dani Rodrik (ed.), *In Search of Prosperity: Analytic Narratives on Economic Growth*. Princeton: Princeton University Press, 2003, pp. 297-333.

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

* Chen An. "Why Does Capitalism Fail to Push China Toward Democracy?" Chapter 8 in Christopher A. McNally, *China's Emergent Political Economy: Capitalism in the Dragon's Lair*, New York: Routledge, 2008, pp. 146-65.

* Zweig, David. "Undemocratic Capitalism: China and the Limits of Economism." *The National Interest*, no. 56 (Summer 1999): 63-72.

Gallagher, Mary E. "'Reform and Openness': Why China's Economic Reforms Have Delayed Democracy." *World Politics* 54, no. 3 (April 2002): 338-72.

And several books...

18. Trade and trade frictions

Just a couple of items from many, one on trade frictions, and one specifically on China's export patterns.

* Flath, David. *The Japanese Economy*. Oxford: Oxford University Press, 2005. Chapter 8, "International Trade," pp. 156-84, on trade frictions especially pp. 175-83.

* Rodrik, Dani. "What's So Special about China's Exports?" *China & World Economy* 14, no. 5 (Sept./Oct. 2006): 1-19.

19. Labor movements

* Deyo, Frederic C. *Beneath the Miracle: Labor Subordination in the New Asian Industrialism*. Berkeley: University of California Press, 1989. In particular, "Introduction" pp. 1-11, Chapter 2 "Labor Movements and Asian Industrialization" pp. 51-86, Chapter 3 "Ideology, Welfare, and Labor Peace" pp. 87-105, Chapter 4 "The Political Demobilization of East Asian Labor" pp. 106-51, and "Conclusion: Structural Demobilization and preemptive Developmental Sequencing" pp. 209-13.

Kwon, Seung-Ho, and Michael O'Donnell. *The Chaebol and Labour in Korea: the Development of Management Strategy in Hyundai*. London: Routledge, 2001. Chapter 1 may be all you want (pp. 15-37), in particular pp. 27-35.

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

China. Fairbank, John King, and Merle Goldman. *China: a New History*. Enlarged edition. Cambridge, MA: Harvard University Press, 1998. (or the earlier edition without Merle Goldman)

Japan. Pyle, Kenneth B. *The Making of Modern Japan*. Lexington, MA: D.C. Heath and Company, 1996.

Beasley, W.G. *The Rise of Modern Japan: Political, Economic and Social Change Since 1850*. Revised, third edition. London: Weidenfeld and Nicolson, 2000.

Korea. Tennant, Charles R. *A History of Korea*. London and New York: Kegan Paul Intl. / Columbia University Press, 1996.

Country-specific literature (beyond EIU, ADB, OECD etc. reports)

China

Chow, Gregory C. *China's Economic Transformation*. Second edition. Malden, MA: Blackwell Publishing, 2007.

Lin, Justin Yifu, CAI Fang and LI Zhou. *The China Miracle: Development Strategy and Economic Reform*. Revised edition. Hong Kong: The Chinese University of Hong Kong, 2003.

Naughton, Barry. *The Chinese Economy: Transitions and Growth*. Cambridge, MA: The MIT Press, 2007.

Japan

Flath, James. *The Japanese Economy*. Oxford: Oxford University Press, 2000.

Katz, Richard. *Japan: The System That Soured—The Rise and Fall of the Japanese Economic Miracle*. Armonk, NY: M.E. Sharpe, 1998.

Korea

Graham, Edward M. *Reforming Korea's Industrial Conglomerates*. Washington, DC: Institute for International Economics, 2003.

Kim, Eun Mee. *Big Business, Strong State: Collusion and Conflict in South Korean Development, 1960-1990*. Albany, NY: State University of New York Press, 1997.

Wong, Joseph. "From Learning to Creating: Biotechnology and the Postindustrial Developmental State in Korea." *Journal of East Asian Studies* 4, no. 3 (2004): 491-517.

Taiwan

Brick, Andrew B. "The East Asian Development Miracle—Taiwan As a Model." *Issues and Studies* 28, no. 8 (Aug. 1992): 1-13.

Howe, Christopher. "The Taiwan Economy: the Transition to Maturity and the Political Economy of Its Changing International Status." *The China Quarterly* 148 (Dec. 1996): 1171-95.

LI Kuo-Ting. *The Evolution of Policy behind Taiwan's Development Success*. Singapore: World Scientific Publishing Co., 1995.

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)
- Berger, Peter L., and Hsin-Huang Michael Hsiao (eds.). *In Search of an East Asian Development Model*. New Brunswick, NJ: Transaction Publishers, 1988. (Includes chapters on Japan, Taiwan, Korea, Hong Kong and Singapore)
- Ito, Takatoshi, and Anne O. Krueger (eds.). *Growth Theories in Light of the East Asian Experience*. Chicago: The University of Chicago Press, 1995.
- Ito, Takatoshi, and Andrew R. Rose (eds.). *Growth and Productivity in East Asia*. Chicago: The University of Chicago Press, 2004.
- 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)
- Rowen, Henry S. (ed.). *Behind East Asian Growth: the Political and Social Foundations of Prosperity*. London: Routledge, 1998. (Variety of topics)
- Tipton, Frank B. *The Rise of Asia: Economics, Society and Politics in Contemporary Asia*. London: MacMillan Press, 1998. (An economic history view cutting across a larger number of Asian countries)
- Vogel, Ezra F. *The Four Little Dragons: the Spread of Industrialization in East Asia*. Cambridge, MA: Harvard University Press, 1991. (Short overview, 138pp.)
- Weder, Beatrice. *Model, Myth, or Miracle?: Reassessing the Role of Governments in the East Asian Experience*. Tokyo and New York: United Nations University Press, 1999. (Quantitatively evaluates governments; dissertation style. Taiwan, Malaysia, Korea, Singapore, Hong Kong.)
- White, Gordon (ed.). *Developmental States in East Asia*. London: The MacMillan Press, 1988. (Taiwan, Korea, 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.