

School of Economics and Finance

ECON 421 The Asian Miracle Economies since 1945

Trimester Two 2012

COURSE OUTLINE

Names and Contact Details

Course coordinator & lecturer: Louise Lamontagne (RH 207, Ext 9532)
Louise.Lamont@vuw.ac.nz
Office hours: Thursday 8:30-10:30
And by appointment

Trimester Dates

Teaching Period: Monday 16 July – Friday 19 October 2012

Study Period: Monday 22 October – Thursday 20 October 2012

Examination Period: Friday 26 October – Saturday 17 November 2012 (inclusive)

Withdrawal from Courses:

Your fees will be refunded if you withdraw from this course on or before **Friday 27 July 2012.**

The standard last date for withdrawal from this course is **Friday 28 September.** After this date, students forced to withdraw by circumstances beyond their control must apply for permission on an 'Application for Associate Dean's Permission to Withdraw Late' including supporting documentation. The application form is available from either of the Student Customer Service Desks.

Class Times and Room Numbers

Seminars: Thursday 10:30-12:20 (RWW125)

Course Content

This course analyses the economic transformation of the Asian economies since 1945. It examines why some Asian economies grew faster than others during the so-called Asian Miracle era, and why the economies of many Asian countries descended into crisis during the 1990s. A strong emphasis is placed on the role of economic policy.

Course Learning Objectives

Students on this course should gain

- (1) Comprehension of the factors driving economic development in Asia since 1945
- (2) An ability to critically analyse the literature on post-war Asian economic development
- (3) An ability to use economic principle to analyse aspects of Asian economic development since 1945
- (4) Comprehension of the respective roles of markets and governments in promoting economic development in Asia
- (5) Comprehension of the emergence of economic cooperation in Asia
- (6) An ability to research in some depth a particular aspect of Asian economic development

Course Delivery

The course will be delivered by a mixture of presentations from the lecturer and from students in the course.

Expected Workload

Total workload = 150 hours. One point should equate to 10 hours of work, which means a total of 150 hours for a 15-point course, which will typically be spread over a 15 week period (the 12 teaching weeks, mid-trimester break, study week and the examination period). Time spent on work outside class has to be an estimate for an average student.

Group Work

Not applicable

Readings

No purchase necessary. Readings will generally be made available through Blackboard.

Materials and Equipment

No additional material required. There will be no calculations in the examination.

Assessment Requirements

- Two papers will be presented each week. Some will be mini-lectures. Others will be student presentations (about 15-20 minutes long) You will be asked to make several presentations during the course, depending on student numbers, but only your first presentation will be assessed.
- **One written seminar paper (1500 words)**. This paper must be submitted **seven days** after the relevant seminar presentation.
- **One long essay (3000-3500 words)** on any relevant topic of your choice, due on **18 October, 2012**. (Deliver to L. Lamontagne's pigeonhole in SEF reception). Given the constraints of time and length, for most people this long essay will take the form of a critical literature review. The choice of the topic rests with the students, but it and the approach to the topic must be cleared, either in person or by email, with L. Lamontagne no later than Friday, August 24, 2012.
- **Two hour examination** at the end of the course.
- **Assessment:** Seminar Paper 20% Long essay 40% 2Hr. Exam 40%

Your assessed work may also be used for quality assurance purposes, such as to assess the level of achievement of learning objectives as required for accreditation and audit purposes. The findings may be used to inform changes aimed at improving the quality of FCA programmes. All material used for such processes will be treated as confidential, and the outcome will not affect your grade for the course.

Examinations

Students who enrol in courses with examinations are obliged to attend an examination at the University at any time during the formal examination period.

The final examination for this course will be scheduled at some time during the period **Friday 26 October – Saturday 17 November 2012 (inclusive)**

Penalties

10 marks will be deducted from late essays, in the absence of adequate medical evidence.

Practicum Arrangements

Not applicable

Mandatory Course Requirements

- (i) Regular attendance at seminars
- (ii) Submission of written seminar paper
- (iii) Submission of long essay.

Failure to meet the mandatory requirements does not prevent a student completing other pieces of assessment including sitting the final exam. However, students who do not meet the mandatory course requirements **automatically fail the course regardless of whether they choose to sit the final exam.**

Class Representative

An overall student class representative will be chosen to represent all SEF Honours classes. They must be prepared to make their contact details available to other students. The class representative provides a communication channel to liaise with the Course Coordinator on behalf of students.

Communication of Additional Information

Through Blackboard

Use of Turnitin

Not used on this course

For the following important information follow the links provided:

Academic Integrity and Plagiarism

<http://www.victoria.ac.nz/home/study/plagiarism.aspx>

General University Policies and Statutes

Find key dates, explanations of grades and other useful information at www.victoria.ac.nz/home/study

Find out about academic progress and restricted enrolment at

<http://www.victoria.ac.nz/home/study/academic-progress.aspx>

The University's statutes and policies are available at www.victoria.ac.nz/home/about/policy,

except qualification statutes, which are available via the Calendar webpage at

<http://www.victoria.ac.nz/home/study/calendar.aspx> (See Section C).

Further information about the University's academic processes can be found on the website of the Assistant Vice-Chancellor (Academic) at

www.victoria.ac.nz/home/about_victoria/avcacademic/default.aspx

AVC (Academic) Website: information including: Conduct, Academic Grievances, Students with Impairments, Student Support

http://www.victoria.ac.nz/home/about_victoria/avcacademic/Publications.aspx

Faculty of Commerce Office

<http://www.victoria.ac.nz/fcom/studenthelp/>

Te Putahi Atawhai

Maori and Pacific Mentoring Programme

<http://www.victoria.ac.nz/tpa/>

Useful websites:

www.adb.org	(Asian Development Bank)
www.adbi.org	(ADB Institute)
www.apec.org and www.apec.info	(APEC)
www.aseansec.org	(ASEAN)
www.eh.net	(contains some useful encyclopaedia entries on Asian economic history, book reviews. Etc)
www.emeap.org	(club of Asian central banks)
www.ibrd.org	(World Bank)
www.mfat.govt.nz	(Ministry of Foreign Affairs and Trade, NZ)
www.seacen.org	(another club of Asian central bank)

Bibliography

All VUW Staff and Students have access to articles in periodicals via Journal Finder:
<http://helicon.vuw.ac.nz:2081/> All articles mentioned below should be available in this form.

A general bibliography will be posted on blackboard.

These two studies offer a good perspective throughout the year:

Asian Development Bank, (2012), *Asian Development Outlook, 2012, Confronting Rising Inequality in Asia*, passim. Available online.

Sharma, Ruchir, (2012), *Breakout Nations: In Pursuit of the Next Economic Miracles*, London, W.W.Norton and Co., passim. Available online.

Database

You are not expected to confine yourself to items on the course reading list and are strongly encouraged to make use of the library's 'Econlit' database of publications in economics, as well as other databases.

Seminar Programme: *core reading available on Blackboard

Week 1 (19 July)

INTRODUCTION: THE EAST ASIAN MIRACLE

*Hsiao, F.S.T. and Hsiao, M.-C. W. (2003), "'Miracle growth' in the twentieth century – international comparisons of East Asian development', *World Development*, 31, 2, pp. 227-57

*Hughes, H. (1995), 'Why have east Asian countries led economic development?', *Economic Record*, vol. 71, no. 212, pp. 88-104.

Kwon, J.K. and Kang, J. (2011), "The East Asian model of economic development", *Asian-Pacific Economic Literature*, 25,2, pp. 116-130.

*Krugman, P. (1994), 'The myth of Asia's miracle', *Foreign Affairs*, Vol. 73, No. 6, pp. 62-78.

- Lee, K. and Matthews, J.A. (2010), "From Washington Consensus to BeST Consensus for world development", *Asian-Pacific Economic Literature*, 24, 1, pp. 86-103.
- Rodick, D. (2007), *One Economics, Many Recipes, Globalization, Institutions, and Economic Growth*, e-book, chapter one.
- World Bank (1993), *The East Asian miracle*. Available online or HC460.5 E13

Week 2 (26 July) THE COLONIAL LEGACY

- *Acemoglu, D., Johnson, S. and Robinson, J.A. (2001), 'The colonial origins of comparative development: an empirical investigation', *American Economic Review*, Vol. 91, No. 5, pp. 1369-1401.
- *Baten, J., Ma, D., Morgan, S. and Wang, Q. (2010), 'Evolution of living standards and human capital in China in the 18th-20th centuries: evidences from real wages, age-heaping and anthropometrics', *Explorations in Economic History* 47: 347-59
- Haggard, S., Kang, D. and Moon, C.-I. (1997), 'Japanese colonialism and Korean development: a critique', *World Development*, Vol. 25, No. 6, pp. 867-81.

Week 3 (2 August) THE DEVELOPMENTAL STATE

- *Doner, R.F., Ritchie, B.K. and Slater, D. (2005), 'Systemic vulnerability and the origins of developmental states: Northeast and Southeast Asia in comparative perspective', *International Organization*, vol. 59, pp. 327-61
- Huff, W.G. (1995), 'What is the Singapore model of economic development?', *Cambridge Journal of Economics*, Vol. 19, No. 6, pp. 735-60.
- Huff, G. (1995), 'The Developmental State, Government and Singapore's Economic Development since 1960', *World Development*, Vol. 23, No. 8, pp 1421-38.
- Kohli, A. (1994), "Where do high growth political economies come from? The Japanese lineage of Korea's "developmental state"", *World Development*, Vol. 22, pp. 1269-93.
- *Rodrik, D. (1995), 'Getting interventions right: how Korea and Taiwan grew rich', *Economic Policy*, Vol. 20, pp. 55-107.

Week 4 (9 August) ASIAN BUSINESS AND CRONYISM

- Johnson, S. and T. Mitton, (2003), "Cronyism and capital controls: evidence from Malaysia", *Journal of Financial Economics* 67, 351-382.
- *Kang, D.C. (2002), 'Bad loans to good friends: money politics and the developmental state in South Korea', *International Organization*, Vol. 56, No. 1, pp. 177-207
- *Rock, M.T. and Bonnett, H. (2004), 'The comparative politics of corruption: accounting for the East Asian paradox in empirical studies of corruption, growth and investment', *World Development*, Vol. 32, No. 6, pp. 999-1017.
- *Rock, M.T. (2009), 'Has democracy slowed growth in Asia?' *World Development*, Vol. 37, No. 5, pp. 941-52.
- White, N.J. (2004), 'The beginnings of crony capitalism: business, politics and economic development in Malaysia, c. 1955-1970', *Modern Asian Studies*, Vol. 38, pp. 389-417.

Week 5 (16 August)**JAPAN**

- Ito, T. (1996), 'Japan and the Asian economies: a miracle in transition', *Brookings Papers on Economic Activity*, No. 2, pp. 205-72.
- Obstfeld, M. (2009). 'Time of troubles: the yen and Japan's economy, 1985-2008', NBER Working Paper no 14816
- *Schaede, U. (2004), 'What happened to the Japanese model?', *Review of International Economics*, Vol. 12, No. 2, pp. 277-94.
- *Bayoumi, T. (2001), 'The morning after: explaining the slowdown in Japanese growth in the 1990s', *Journal of International Economics*, Vol. 53, No. 2, pp. 241-59.
- Cowling, K. and Tomlinson, P.R. (2000), 'The Japanese crisis – a case of strategic failure', *Economic Journal*, Vol. 100, pp. F358-381
- Krugman, P.R. (1998), 'It's baaack: Japan's slump and the return of the liquidity trap', *Brookings Papers on Economic Activity*, No. 2, pp. 137-87
- Kuttner, K.M. and Posen, A.S. (2001), 'The great recession: lessons for macroeconomic policy from Japan', *Brookings Papers on Economic Activity*, No 2, pp. 93-185
- *Sato, H. (1997), 'What is Japan's economic crisis?', *The Japanese Economy*, vol. 25, no. 2, pp. 3-20.

Week 6 (23 August)**CHINA**

- Ash, Robert (2006), 'Squeezing the Peasants: Grain Extraction, Food Consumption and Rural Living Standards in Mao's China', *China Quarterly*, No. 188, pp. 959-98.
- *Cheng, J. and Zhang, M. (2012), "Adjustments in China's Development Strategy in 2004-05: Greater Emphasis on Reducing Inequality", *Journal of Comparative Asian Development*, Vol. 11, No. 1, pp. 117-151.
- Ercolani, M.G. and Wei, Z. (2011), 'An Empirical Analysis of China's Dualistic Economic Development: 1965-2009', *Asian Economic Papers*, Vol. 10, No. 3, pp. 1-29.
- Hu, Z.F. and Khan, M.Z. (1997), 'Why is China growing so fast?', *International Monetary Fund Staff Papers*, Vol. 44, No. 1, pp. 103-31.
- *Huang, Y. (2011), 'Rethinking the Beijing Consensus', in *Asia Policy*, No. 11, pp. 1-26.
- *Lardy, N.R. (1995), 'The role of foreign trade and investment in China's economic transformation', *The China Quarterly*, No. 144, pp. 1065-82.
- Lemoine, F and Unal-Keseci, D. (2004), 'Assembly trade and technology transfer: the case of China', *World Development*, Vol. 32, No. 5, pp. 829-50
- Liew, Leong H. (2005), 'China's engagement with neo-liberalism: path dependency, geography and party self-reinvention', *Journal of Development Studies*, Vol. 41, No. 2, pp. 331-52
- Ngoka, K. and Cheng, J. (2010) 'The Role of Migrant Labour in China's Labour Policy', *Journal of Comparative Asian Development*, Vol. 9, No. 2, pp. 347-368.
- Nolan, P. (2002), 'China and the global business revolution', *Cambridge Journal of Economics*, Vol. 26, pp. 119-37.
- Spechler, M.C. (2010). 'The five biggest questions about the Chinese economy', *Comparative Economic Studies* vol. 52, pp. 1-17.

Week 7 (13 September)**INDIA**

- *Ahluwalia, M.S. (2002), 'Economic reforms in India since 1991: has gradualism worked?', *Journal of Economic Perspectives*, Vol. 16, No. 3, pp. 67-88.
- *DeLong, J.B. (2004), "India Since Independence: An Analytic Growth Narrative," in Dani Rodrik, ed., *Modern Economic Growth: Analytical Country Studies* http://www.jbradford-delong.net/Econ_Articles/India/India_Rodrik_DeLong.PDF.
- D'Costa, A.P. (1995), 'The restructuring of the Indian automobile industry: Indian state and Japanese capital', *World Development*, Vol. 23, No. 3, pp. 1-18.
- Lakha, S. (1994), 'The new international division of labour and the Indian computer software industry', *Modern Asian Studies*, Vol. 28, No. 2, pp. 381-408.
- Mazumdar, D. (1991), 'Import-substituting industrialization and protection of the small-scale: the Indian experience in the textile industry', *World Development* Vol. 19, No. 9, pp. 1197-1213.
- *Rodrik, D. and Subramanian, A. (2005), 'From "Hindu growth" to productivity surge: the mystery of the Indian growth transition', *IMF Staff Papers*, Vol. 52, No. 2, pp. 193-228
- *Roy, T. (2002), 'Economic history and modern India: redefining the link', *Journal of Economic Perspectives*, Vol. 16, No. 3, pp. 109-30.
- Storm, S. (1995), 'On the role of agriculture in India's longer-term development strategy', *Cambridge Journal of Economics*, Vol. 19, No. 6, pp. 761-88.

Week 8 (20 September)**COMPARING CHINA AND INDIA**

- *Altenburg, T., Schmitz, H. and Stamm, A. (2007), 'Breakthrough? China and India's transition from production to innovation', *World Development*, Vol 35, No. 2, pp. 325-44.
- Bardhan P. (2010), 'Economic Reform and Growth, Differing Pattern of and Institutions', *Awakening Giants, Feet of Clay: A Comparative Assessment of the Rise of China and India*, pp. 19-42.
- *Bosworth, B. and Collings, S. (2008) , 'Accounting for Growth: Comparing China and India'. *Journal of Economic Perspectives*, Vol. 22, No. 1, pp. 45-66.
- Chibba, M. (2011), 'The next paradigm shift in China and India?', *Asian-Pacific Economic Literature*, Vol. 25, No. 1, pp. 150-160.
- Lal, D. (1995), 'India and China: Contrasts in Economic Liberalization?', *World Development*, Vol. 23, No. 9, pp. 1475-94.
- Shepherd, G. and Pasadilla, G. (2012) , 'Services as a New Engine of Growth for ASEAN, the People's Republic of China, and India', *Asian Development Bank Working Paper Series*, March, no. 349. Available online.
- Singh, Ashwani (2008). 'China and India: the institutional roots of differential performance', *Development and Change* 39, 5: 723-57

Week 9 (27 September) Inequality and Growth

- *Basu, S. and Mallick, S. (2008), 'When does growth trickle down to the poor? The Indian case', *Cambridge Journal of Economics*, Vol. 32, pp. 461-77.

- Booth, Anne (2000), 'Poverty and inequality in the Soeharto era: an assessment', *Bulletin of Indonesian Economic Studies*, Vol. 36, No. 1, pp. 73-104.
- *Bourguignon, F. and Morrisson, C. (2002), 'Inequality among world citizens: 1820-1992', *American Economic Review*, vol. 92, no. 4, 727-44.
- *Datt, G. and Ravallion (2002), 'Is India's economic growth leaving the poor behind?', *Journal of Economic Perspectives*, Vol. 16, No. 3, pp. 89-108.
- Son, H.H. (2010), 'A Multi-Country Analysis of Achievements in Economic Inequalities in Economic Growth and Living Standards', *Asian Development Review*, Vo. 27, No. 1, pp. 1-42.
- Warr, P.G. (2009), 'Poverty Reduction through Long-Term Growth: The Thai Experience', *Asian Economic Papers*, Vo. 8, No. 2, pp. 51-76.
- You, Jong-Il (1998), 'Income distribution and growth in East Asia', *Journal of Development Studies*, 34, 6, pp. 37-6

Week 10 (4 October) MICROFINANCE

- *Tsai, K.S. (2004), 'Imperfect substitutes: the local political economy of informal finance and microfinance in rural China and India', *World Development*, Vol. 32, No. 9, pp. 1487-1507.
- *Cull, Robert; Demirgüç-Kunt, Asli and Morduch, Jonathan 2009. 'Microfinance Meets the Market', *Journal of Economic Perspectives* 23, 1: 167-92.
- Dowla, Asif (2006), 'In credit we trust: Building social capital by Grameen Bank in Bangladesh', *Journal of Socio-Economics* 35, 1:102-122.
- Hassan, M.K (2002), 'The Microfinance Revolution and the Grameen Bank Experience in Bangladesh', *Financial Markets, Institutions & Instruments* 11, 3: 205-65.
- Morduch, J., (1999a), 'The Microfinance Promise', *Journal of Economic Literature*, Vol.37, No.4, pp.1569-1614.
- Morduch, J., (1999b), 'The Role of Subsidies in Microfinance: Evidence from the Grameen Bank', *Journal of Development Economics*, Vol.60, No.1, pp.229-48.
- *Morduch, J., (2000), 'The Microfinance Schism', *World Development*, Vol.28, No.4, pp.617-29.
- Suzuki, Y. et. Al, (2011) 'The Grameen Bank "Empowering the Poor" Model of Microcredit: An Institutional Comparison with the Traditional Mode of Japanese Banking System', *Journal of Comparative Asian Development*, Vol. 10, No. 1, pp. 129-156.

Week Eleven (11 October) ASIAN CRISIS OF 1990s

- *Baldwin, Barbara E., Enoch, Charles, Frecault, Oliver, and Kovanen, Arto (2001). 'Indonesia: anatomy of a banking crisis', IMF Working Papers No. 01/52.
- Eichengreen, Barry. 2009. Lessons of the Crisis for Emerging Markets. ADBI Working Paper 179. Tokyo: Asian Development Bank Institute. Available: <http://www.adbi.org/workingpaper/2009/12/15/3419.lessons.crisis.emerging.markets/>
- *Hong, K. and Lee, J. (2010), 'Crisis in Asia: Historical perspectives and implications', *Journal of Asian Economics*, Vo. 21, No. 3, pp. 265-279.
- Kawai, Masahiro (2002), 'Exchange rate arrangements in East Asia: lessons from the 1997-98 currency crisis', *Monetary and Economic Studies* vol. 20, no. 1, pp. 167-204.

- King, Michael R. (2001), 'Who triggered the Asian financial crisis?', *Review of International Political Economy*, 8: 3, pp. 438-66.
- Nixon, F.I. and Walters, B. (1999), 'The Asian crisis: causes and consequences', *The Manchester School*, Vol 67, No. 5, pp. 496-523.
- *Radelet, S. and Sachs, J. (1998), 'The East Asian financial crisis: diagnoses, remedies and prospects', *Brookings Papers on Economic Activity*, No. 1, pp. 1-90.
- Thee Kian Wee (2003), 'The Indonesian crisis and the long road to recovery', *Australian Economic History Review*, Vol. 43, No. 2, pp. 183-96
- Vines, D. and Warr, P. (2003), 'Thailand's investment-driven boom and crisis', *Oxford Economic Papers*, Vol. 55, No. 3, pp. 440-66.
- Yamazawa, I. (1998), 'The Asian economic crisis and Japan', *The Developing Economies*, vol. 36, no. 3, pp. 332-51.

Week 12 (18 October) ASIA ECONOMIC COOPERATION, INTEGRATION

- *Coxhead, I. (2007), 'A new resource curse? Impacts of China's boom on comparative advantage and resource dependence in Southeast Asia', *World Development*, Vol. 35, No. 7, pp. 1099-1119.
- Lloyd, P.E. (2001), 'Closer economic relations with East Asia?', *Economic Record*, Vol. 77, No. 238, pp. 228-41.
- McDonald, S., Robinson, S. and Thierfelder, K. (2008), 'Asian growth and trade poles: India, China, and East and Southeast Asia', *World Development*, Vol. 36, No. 2, pp. 210-34.
- Park, D. and Shin, K. (2011), 'People's Republic of China as an Engine of Growth for Developing Asia?', *Asian Economic Papers*, Vol. 10, No. 2, pp. 120-163.
- Petri, P.A. (1993), 'The east Asian trading bloc: an analytical history', in J. A. Frankel and M. Kahler (eds), *Regionalism and rivalry: Japan and the US in Pacific Asia*. HF1600.5 R336
- Ravenhill, J. (1996), 'Bringing politics back in: the political economy of APEC', in I. Sakong, K.H. Jung and J.-H. Yoo, eds, *Asia-Pacific Economic Cooperation*. HF1583 Z4 P117 A832 PE

Louise Lamontagne 2012