

## Course Outline

### **EE363 Economics of Selected Countries** (Economic and social development in East and Southeast Asia)

**Number of credits:** 3 credits

**Lecture Time:** Monday, Wednesday, and Friday: 9.00 – 12.00 Hours.

**Note: All first-week sessions, class time will start at 2-5 PM.**

**Prerequisites:** *a) 2nd year economics student or above (having completed at least 60 credits); or b) with the consent of the lecturer*

**Name of instructor** Professor Rogier B.P.M. Busser

#### **Course description**

This *seminar* course offers an introduction to the debate on economic development in East Asia. Is the organization of the East Asian economies similar to the types of organization applied in Europe and the US? How does the distinction between the private sector and the government work in Asian economies? Does industrial organization in East Asia differ from the way industries are organized in Europe? To find answers to these questions we analyze East Asian economic development models, financial policies, industrialization processes, employment systems, labor issues, environmental governance, and regional economic integration. We make use of macro-economic analysis and apply political economy theories. The focus is on China, Japan and South-Korea but the increasing integration between the East Asian economies and the ASEAN economies is also discussed as the regionalization of the Asian economy is becoming more intense. We use Chinese, Japanese, Korean, Thai, American and continental European perspectives to understand the dynamics of economic development in East Asia.

#### **Learning objectives**

Upon completion of the course, students will be expected to successfully:

- Understand and critically discuss major issues, debates and theories on economic development models used in East Asia.
- Identify the most important components of financial policies, industrialization policies, employment systems, labor issues, environmental governance, and regional economic interaction in East Asia.
- Be able to describe the historical economic development of the East Asian economies.
- Have shown proficiency in reproducing theories of economic development in East Asia.

#### **Course type**

Seminar course. Each three hours session consists of a lecture class, student presentations, discussions and panels. The first hour is an introduction to the topic. For the remaining time we work more interactive (work in small groups solving a problem), engage in discussions and we discuss the assignments. Students will make presentations

(individually or in pairs of two) on a topic related to this course. A list of possible topics will be provided.

## **Sessions**

### *June 13, session 1*

Topic: Course introduction: Incomes and welfare of East Asians today.

Readings:

Naughton: Introduction (1-19) and Chapter 10 Living standards: incomes, inequality and poverty (237-256).

Flath: Introduction (1-9) and Chapter 1 Incomes and Welfare of the Japanese Today (10-20).

### *June 15, session 2*

Topic: Industrialization in East Asia. From pre-modern industrialization towards industrial revolutions in Japan, China and Korea: industrial policies.

Naughton: Chapter 2 The Chinese economy before 1949 (43-64).

Flath: Chapter 2 Economic history: The Tokugawa period and the Meiji period (21-42) and Chapter 3 The Twentieth century (43-70).

Chung: Chapter 2 Economic Development and structural changes (7-12)

Core questions:

When did the industrial revolutions take place in Japan, Korea and China? And why in this sequence?

Explain the driving factors behind these revolutions in Japan and China?

### *June 17, session 3*

Topic: Economic Development Models in East Asia

Some models to understand economic development in East Asia: The Developmental State model, Network consensus model, Pluralist model and State-led model.

C. Johnson: The Developmental State: Odyssey of a Concept in M. Woo-Cumings, The Developmental State (1999).

S. Hayashi: The developmental state in the era of globalization: beyond the Northeast Asian model of political economy in The Pacific Review, Volume 23, Issue 1, 2010.

Justin Yifu Lin: The comparative advantage-following development strategy, in Demystifying the Chinese Economy, Cambridge University Press, 2012

Core question: Explain the Developmental State model as presented by Johnson?

### *June 22, Session 4*

Topic: Industrial Organization. Cooperation and competition within industries, the role of supporting industries, Keiretsu and Chaebol, the relationship between firms and markets in East Asia.

Naughton: Chapter 3 The Socialist Era 1949-1978: Big push industrialization (65-94).

Flath: Chapter 12 Industrial organization (271-294).

Eun Mee Kim and Gil-Sung Park, The Chaebol in The Park Chung Hee Era edited by Byung-Kook Kim and Ezra F. Vogel (Harvard University Press, 2013).

Core questions:

Understand the key concept of Keiretsu and Chaebol in the framework of industrial organization

Explain the differences in industrial organization between the case of Chinese economic policies in the socialist era (1949-1978) and the Developmental state in Japan and South-Korea (1955-1990).

### *June 24, Session 5*

Topic: Financial Systems in China, Korea and Japan

The role of financial intermediaries, banks, insurance companies and financing of SME's.

Naughton: Chapter 19 Financial system (479-513).

Flath: Chapter 14 Finance (333-351).

Chung: Chapter 5 Domestic Financing of Business and Public Investments (115-174)

Core question:

What role do different financial intermediaries play in the financial systems in Japan, China and South-Korea?

*June 27, session 6,*

Topic: Labor

Employment systems, human capital formation in East Asia.

Naughton: Chapter 8 Labor and human capital (209-236).

Flath: Chapter 15 Labor (351-376).

Core questions:

How did labor markets develop in China and Japan?

How is the position of female workers?

Which human capital formation policies can we distinguish in China and Japan?

*June 29, session 7*

Topic: Saving and capital accumulation

Explanations for high savings ratio's in East Asian societies, capital accumulation and investment capital.

Naughton: Chapter 18 Macroeconomic policy: instruments and outcomes (453-478).

Flath: Chapter 5 Saving (98-109)

Chung: Chapter 7 Domestic saving and income distribution (213-263)

Optional reading: C.Y. Horioka and A. Terada-Hagiwara, The determinants and Long-term projections of saving rates in developing Asia, NBER Working Paper Series, November 2011.

Core questions:

What are the drivers behind the high savings ratio's in China and Japan?

How did government policies influence the savings patterns?

*July 1, session 8*

*Midterm exam/essay t.b.d.*

*July 4, session 9*

Topic: Education as key to economic development in East and Southeast Asia.

Reading:

*Mass Higher education and its challenges for rapidly growing Higher Education in East Asia, in Jung Cheol Shin, Gerard A. Postiglione, Futao Huang (eds) Mass Higher Education Development in East Asia: Strategy, Quality, and Challenges (Springer, 2015).*

*Student presentations on education in China, South-Korea, Japan and Thailand or Indonesia.*

Core question:

*What role do the educational systems in East Asian countries play in the continuous economic upgrading?*

*July 6, session 10*

Topic: Women and labour markets in Asia.

Reading:

*Worldbank: Women and labour markets in Asia; Rebalancing for gender equality, Bangkok: ADB and ILO, 2011.*

*Student presentations on the role of woman in the Chinese, Japanese, Korean and Southeast Asian economies.*

Core questions:

*How did labor markets develop in China and Japan?*

*How is the position of female workers? Gender inequities in Asia?*

*Which human capital formation policies can we distinguish in China and Japan?*

*July 8, session 11*

*Topic: Technology and Innovation*

*Core question:*

*How do we understand the innovation systems in Japan, China and Korea?*

*July 11, session 12*

*Topic: Integration and Regionalization*

Facilitating governmental policies: monetary integration, trade integration, construction and infrastructure. Special attention to the development of the Greater Mekong Sub-region and ASEAN.

Masahisa Fujita · Nobuaki Hamaguchi, Japan and economic integration in East Asia: post-disaster scenario, in *The Annals of Regional Science*, 2012, Vol.48(2), pp.485-500.

Siow Yue Chia: The Emerging Regional Economic Integration Architecture in East Asia in *Asian Economic Papers*, January 2013 (1-43).

*Core questions:*

In what ways are the Chinese, Japanese, Korean and ASEAN economies integrating?

How is the pattern of trade integration shaped?

What is the role of FDI in the economic integration process?

*July 18, session 13*

*Topic: Integration and Regionalization II*

Firm level: Value chains, regional production networks and FDI.

P. Das (2013) *The Role of China in Asia's Evolution to Global Economic Prominence in Asia & the Pacific Policy Studies*, vol. 1, no. 1, 216–229.

H. Kim, Location Choices of Korean MNEs in East Asia: Escaping the Nutcracker and T.

Gokan, Location Choices of Japanese MNEs in East Asia in M. Fujita (2008) *Economic Integration in East Asia*.

*Core questions:*

What is the role of MNC's in regional economic integration process in East Asia?

Do MNC's contribute to industrial upgrading in East Asia?

Are there distinctive investment patterns among Japanese, Korean and Chinese investors?

*July 20, session 14*

*Topic: Towards a sustainable economy?*

*The cases of China and Japan.*

*Core question:*

*What role can Asia play in attaining the SDG's?*

*July 22, session 15*

Rounding up, conclusions, tips and consultation for the research paper.

*July 25, session 16*

Discussing the research paper outlines

### Assessment

Class preparation and classroom participation      20%

Attendance, participation, homework and in class discussions.

Oral presentation(s)      15%

Students will do presentations (15 minutes per person or two students together 25 minutes) on topics related to the content of this course. During week 1 we will discuss the topics and assign the timeslots for the presentations.

Midterm essay      25%

After the midterm essay, we will discuss the essays.

Research paper      40%