



Академический руководитель  
образовательной программы  
Д.А. Щербаков

## East Asian Economic Development

### <Part I> General Information

#### Instructor

Professor: Emelyanova Olesya, Korosteleva Maria

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#### Course Description

East Asian economies have achieved rapid and sustained developments for quite a long period of time. The region as a whole has now been one of the three major poles of the world economy. Some call this phenomenon a miracle, but others see it as a logical consequence of well-concerted efforts of the countries involved. Some emphasize the common elements of the East Asian economic development, while others look into significant differences among individual countries' development experience. While some argue that the growth engines of East Asian countries are not stoppable, others point out that East Asian miracles are over. This course is to help students understand various issues related with East Asian development and get an in-depth knowledge of the process of rapid economic development.

This course is divided into two parts. The first part of the course is composed of a series of lectures focused on theoretical issues of East Asian development. Students will be introduced and guided to various theoretical debates related with understanding East Asian development. There will be an in-classroom exam at the end of the first part. The second part is mainly composed of students' presentations on the country cases. Students are required to participate in a research project on a country case/comparative

study of development experience by choosing a country from the region. Every student has to make a 10 minute presentation during the class and develop it into a final term paper to be submitted in the final week.

### **Learning Outcomes**

This course is designed to provide students with in-depth knowledge of East Asian economic development. Students will be familiar with theoretical issues and empirical questions related with the subject. Students are also expected to be good at some methodological and technical skills necessary for studying economic development. Students will come out of this course with an expertise on one of the regional countries with a special focus on one of the theories dealing with an aspect of economic development of that country chosen by the student. At the end, students will acquire an ability to do an independent research for academic and/or business purposes.

### **Course Time Plan**

Subject	Lecture, Discussion & Presentation
Introduction	2
Overview of EAED	4
Theoretical Debates	4
Role of Government	4
Trade and Development	4
Finance and Development	4
Regional Cooperation	4
East Asian Crisis	8
Middle Income Trap	4
Recasting EAED	4
Midterm exam	2
Japan	4
Korea	4
China	4
Southeast Asia	4
Wrap-Up and exam	6
<i>Total # of hours</i>	<i>66</i>

## Reading Materials

### Textbook

\* Dwight Perkins. *East Asian Development: Foundations and Strategies*. Cambridge, MA. Harvard University Press, 2013.

### Complementary Readings

1. Ha-Joon Chang. *The East Asian Development Experience: The Miracle, the Crisis and the Future*. Zed Books, 2007.
2. Shoping Hua and Ruihua Hu ed. *East Asian Development Model: Twenty-First Century Perspectives*. London, Routledge, 2017
3. The World Bank. *The East Asian Miracle: Economic Growth and Public Policy*. Washington DC: World Bank, 1993.
4. Joseph Stiglitz and Shahis Yusuf. *Rethinking the East Asian Miracle*. Oxford: Oxford University Press, 2001.
5. Robert Wade. *Governing the Market: Economic Theory and the Role of Government in East Asian Industrialization 2<sup>nd</sup> ed.*. Princeton: Princeton University Press, 2003.
6. Various articles and book chapters are to be added for complimentary reading for each issue.

※ **Important: Reading materials with an asterisk(\*) indicate required ones.**

### Grading Policy

Module 3	Weight, %	Weight of total course, %
<b>Class Attendance</b>	10%	6%
<b>Class Participation</b>	50%	30%
<b>Term Exam</b>	40%	24%
<b>Total</b>	100%	60%

Module 4	Weight, %	Weight of total course, %
<b>Class Attendance &amp; Participation</b>	50%	20%
<b>Term Exam</b>	50%	20%
<b>Total</b>	100%	40%

Model 3 lecturer is Emelyanova Olesya, model 4 lecturer is Korosteleva Maria. In case of any changes with the professor the scheme of the grading policy could be changed.

## **<Part II> Lecture Outline and Reading Assignments**

### **Introduction: East Asian Development Experience**

East Asia as a region has emerged from ashes and destruction of war and revolution to a leading pillar of dynamism in the world economy. The achievements of the countries in the region have often been perceived and described in terms of miracle. This miracle, however, has been made by men and women of the region and was made possible in the context of particular domestic and international environment. The miraculous achievements have also been accompanied by human, social, and political costs. We need to see the East Asian miracle from a balanced perspective paying attention to both sunny and dark sides of the story. We also have to see the commonalities as well as variations in their respective pathways of the regional countries from poverty to prosperity.

### **An Overview of East Asian Economic Development: Nature, Statistics, and Trends**

#### Topics

- Achievements of East Asian countries since 1960s
- Nature and Characteristics of East Asian Development
- Observable Patterns and Variations in East Asian Development
- Lessons of East Asian Development

#### Readings

\*D. Perkins, Ch.1.

\*The World Bank (1993). *The East Asian Miracle*, Overview: The Making of a Miracle, pp.1-26.

\*Shabid Yusuf (2001), "The East Asian Miracle at the Millennium," In Stiglitz and Yusuf ed. *Rethinking East Asian Miracle*. Oxford: Oxford University Press. Ch. 1.

John Page (1994), "The East Asian Miracle: Four Lessons for Development Policy." *NBER Macroeconomic Annual* Vol.9.

## Theoretical Debates on East Asian Development

### Topics

- Miracle or Not?
- State-Led or Market-Oriented?
- Dependent Development? Flying Geese Model?
- Is there an "East Asian Model"? Can It be Copied by Other Regions or Countries?

### Readings

\*D. Perkins, Ch.2.

\*Paul Krugman (1994), "The Myth of Asia's Miracle," *Foreign Affairs*, Vol.73 Issue 6.

\*Shiping Hua (2017), "Introduction: East Asian Development Model," in Hua and Hu, Ch.1.

Paul Kuznets (1988), "An East Asian Model of Economic Development: Japan, Taiwan, and South Korea," *Economic Development and Cultural Change*, Vol.36 No.3.

William Cline (1982), "Can the East Asian Model of Development be Generalized?" *World Development*, Vol.10 Issue 2.

Masahiko Aoki (2013), "Historical Sources of Institutional Trajectories in Economic Development: China, Japan and Korea Compared." *Socio-Economic Review*, Vol.11.

Robert Wade (1992), "East Asia's Economic Success: Conflicting Perspectives, Partial Insights, Shaky Evidence," *World Politics* Vol.44 pp.270-320.

## The Role of Government in Economic Development: State-Led Development?

### Topics

- State and Market in Economic Development
- What Roles for the State?
- Nature and Characteristics of Developmental State
- Possibilities and Limits of the Development State

### Readings

\*D. Perkins, Ch.3.

\*Chalmers Johnson (1999), "The Developmental State: Odyssey of a Concept", in M. WooCumings (ed.) *The Developmental State*, Ithaca, NY: Cornell University Press, pp. 32–60.

\*Robert Wade (2005), "Bringing the State Back in: Lessons from East Asia's Development Experience," *International Politics and Society* No.2.

Shigeko Hayashi (2010), "The Developmental State in the Era of Globalization." *The Pacific*

*Review* Vol.23 No.1.

David Kang (2013), "The Origins of the Developmental State in East Asia." *European Political Science* Vol.15 No.1.

Richard Stubbs (2009), "What Ever Happened to the East Asian Developmental State? The Unfolding Debate," *The Pacific Review* Vol.21 No.1, pp.1-22.

### **Trade and Development: Export-Led Development?**

#### Topics

- Trade for Underdevelopment vs Development
- Export-Oriented Industrialization (EOI) vs Import-substitution Industrialization (ISI)
- International Context and Domestic Requirements

#### Readings

\*D. Perkins, Ch.3.

\*Lawrence & Weinstein (2001), "Trade and Growth: Import Led or Export Led? Evidence from Japan and Korea" in Stiglitz & Yusuf, Ch.10.

The World Bank (1993), Ch.6.

John Weiss (2005), Export and Industrial Policy: Lessons from East Asian Miracle Experience, ADB Institute Discussion paper No.26.

Christian Dregger and Dierk Herzer (2013), "A Further Examination of the Export-Led Growth Hypothesis," *Empirical Economics* Vol.45 Issue 1.

### **Finance and Development: Financial Repression and High Savings Rate?**

#### Topics

- What is Financial Repression and Why?
- How to Achieve High Savings Rate?
- Resource Allocation by the State, Why and How?
- Question over Efficiency

#### Readings

\*Arvid Lukauskas (2002), "Financial Restriction and the Developmental State in East Asia," *Comparative Political Studies* Vol.35 No.4.

\*Hung Fu-Sheng (2013), "Financial Restraint, Capital Investment, and Economic Growth," *Academia Economic Papers* Vol.41 No.3.

Panicos Demetriades (2001), "Financial Restraints in the South Korean Miracle," *Journal of*

*Development Economics*, Vol.64 No.2.

Gerard Adams (2003), "Why are Savings Rate in East Asia So High?: Reviving the Life Cycle Hypothesis " *Empirical Economics* Vol.28 No.2.

### **Regional Cooperation and Development: Product-Life Cycle and Flying Geese?**

#### Topics

- Flying Geese Model?
- East Asian Production Networks?
- Market-Led Regional Cooperation?
- ASEAN+3, Chiang Mai and Beyond: Regional Cooperation after the 1997 Financial Crisis

#### Readings

\*Christopher Dent (2008/2016). *East Asian Regionalism*. Routledge: 2016, Chs. 1 & 2.

\*Edward Lincoln (2004), *East Asian Economic Regionalism*. Washington DC: The Brookings Institution, Chs. 1 & 2.

Paul de Grauwe (2016), "The Rise of China and Regional Integration in East Asia," *Scottish Journal of Political Economy* Vol.63 No.1.

Mark Baeson (2011), "Crisis dynamics and Regionalism: East Asia in Comparative Perspective" *The Pacific Review* Vol.24 No.3.

### **East Asian Financial Crisis and Its Aftermath**

#### Topics

- Causes of the Crisis: Internal or External?
- Nature of and Variations in Crisis Responses
- Consequences of the Crisis: Economic, Social, and Political
- East Asian Crisis and Global Imbalances

#### Readings

\*D. Perkins, Ch.6.

\*Ha-Joon Chang (2007), Ch.5.

Takatoshi Ito (2001), "Growth, Crisis, and the Future of Economic Recovery in East Asia," Stiglitz & Yusuf (2001), Ch. 2.

Jaymin Lee (1999), "East Asian NIEs' Model of Development: Miracle, Crisis, and Beyond," *The Pacific Review* Vol.12 No.2, pp.141-162.

Henry Wai-chung Yeung (2017), "State-Led Development Reconsidered: The Political Economy of State Transformation in East Asia since the 1990s." *Cambridge Journal of Regions, Economy and Society* Vol.10 Issue 1.

Florian Brugger (2016), "Asia's Reserve Accumulation: Part of a New Paradigm." *Asian Economic and Financial Review* Vol.6 No.8.

### **The Middle Income Trap and East Asia**

#### Topics

- Middle Income Trap: What It is and Why?
- Relevance of the Middle Income Trap to East Asia
- Is China in the Trap?

#### Readings

\*Doner & Schneider (2016), "The Middle Income Trap: More Politics than Economics," *World Politics* Vol.68 No.4, pp.608-644.

\*Yiping Huang (2016), "Can China Escape the Middle-Income Trap?," *China Economic Journal*, Vol.9 No.1, pp.17-33.

Eva Paus (2012), "Confronting the Middle Income Trap: Insights from Small Latercomers," *Studies in Comparative International Development* Vol.47, pp.115-138.

Ye & Robertson (2016), "On the Existence of a Middle Income Trap," *Economic Record* Vol.92 No.297, pp.173-189.

Zeng & Fang (2014). "Between Poverty and Prosperity: China's Dependent Development and the 'Middle-Income Trap'," *Third World Quarterly*, Vol.35 No.6, pp.1014-1031.

### **Recasting the East Asian Development Model**

#### Topics

- Is East Asian Development Model Still Relevant?
- Globalization and Developmental State: Conflictual or Complementary?
- Whither Post-Crisis East Asian Development?

#### Readings

\*Ha-Joon Chang, Ch.7.

\*Yoon-Shik Park (2017), "Need for a Paradigm Change for the East Asian Economy." In Hua and Hu eds. Ch.2.

Erik Thorbecke and Henry Wan Jr. (2004), "Revisiting East (and South East) Asia's



Development Model. Paper presented at a Cornell Conference on Seventy Five Years of Development, Ithaca, NY. May 7-9, 2004.

Jene Kwon and Jung Mo Kang. (2011), "The East Asian Model of Economic Development". *Asia-Pacific Economic Literature* Vol.25 No.2.

Ipek Danju et al. (2014), "The East Asian Model of Development and Developing Countries." *Procedia* No.119.

### **In-Classroom Exam**

\* Read the guideline below!

### **Japanese Development Experience**

#### Topics

- Japan's Economic Achievements in Historical Perspective
- Japan's Development Model: Key Components
- Japan's Lost Decades: What Happened and Why?
- Japan as a variant of capitalism

#### Readings

\*Brian Woodall (2017), "The Development of Japan's Developmental State," Hua & Hu, Ch.6.

\*Tanweer Akram(2011) "The Economics of Japan's Stagnation," *Business Economics* Vol.49 No.3.

Charlmers Johnson (1982), *MITI and the Rise of Japanese Miracle: The Growth of Industrial Policy, 1925-1975*. Stanford: Stanford University Press.

Rie Taniguchi and Sarah Babb (2009), "The Global Construction of Development Models: the US, Japan and the East Asian Miracle," *Socio-Economic Review* Vol7 Issue 2.

### **Korean Development Experience**

#### Topics

- Key Characteristics of Korea's Development Model
- Political Authoritarianism and Rapid Growth: Necessary and Complementary?
- Democratization and the Pursuit of a New Development Model: Successful?
- Globalization, Crisis, and What Future?

#### Readings

\*Ha-Joon Chang (2007), Ch.2.

\*Chung Lee (1992), "The Government, financial System, and Large Private Enterprises in Economic Development of South Korea," *World Development* Vol.20 No.2, pp.187-197.

Kim & Heo (2017), "Comparative Analysis of Economic Development in South Korea and Taiwan," *Asian Perspective* Vol.41, pp.17-41.

Charles Harvie and Hyun-Hoon Lee (2003), "Export-Led Industrialization and Growth: Korea's Economic Miracle, 1962-1989. *Australian Economic History Review* Vol.43 No.3.

Nahee Kang (2010), "Globalization and Institutional Change in the State-Led Model: The Case of Corporate Governance in South Korea. *New Political Economy* Vol.15 Issue 4.

Jones & SaKong(1980), *Government, Business, Entrepreneurship in Economic Development*, Ch.1. Introduction.

### **Chinese Development Experience**

#### Topics

- Identifying China's Development Model
- Does China Follow East Asia in Development?
- Can China sustain Rapid Growth?
- Middle Income Trap or Political Limits?

#### Readings

\*D. Perkins, Ch.5.

\*Andrea Boltho and Maria Weber (2009), "Did China Follow the East Asian Development model?" *European Journal of Comparative Economics* Vol.2 No.2.

Eswar Prasad (2009), "Is the Chinese Growth Miracle Built to Last" *China Economic Review* Vol.20 No.1.

Weixing Chen(2017), "China's Development Path: Joys and Worries," In Hua and Hu eds. Ch.10.

### **Southeast Asian Development Experience**

#### Topics

- Southeast Asian Countries: Similarities and Differences
- Southeast Asian Development Model?
- ASEAN Regional Cooperation and Economic Development

Readings

\*D. Perskins, Ch.4.

\*Hal Hill (2014), "Is There a Southeast Asian Development Model?" *Malaysian Journal of Economic Studies* Vol.51(Special Issue), pp.89-111.

Anne Booth (1999), "Initial Conditions and Miraculous Growth: Why is South East Asia Different from Taiwan and South Korea?" *World Development* Vol.27 No.2 pp.301-321.

McKinsey global Institute (2014), "Southeast Asia at the Crossroads: Three Paths to Prosperity."

**Wrap-up Session and exam****<Part III> How To Prepare the Course?****1. For the Lecture Classes**

Students are strongly encouraged to come to the class after reading at least the required readings indicated by an asterisk mark. It would certainly be preferable if you read the other materials in the reading list. The instructor would provide a summary of the lecture and/or a ppt presentation file prior to each class. Although he leads the class by lecturing on the topics, students are often called to respond to the questions raised by him. Active participation in the classroom discussions is a better way of getting to the point of the class and those active students would be credited by extra points for their final grade.

**2. For the Classroom Exam**

At the end of the each part of the course there will a 80-minute written exam in the classroom. The questions are going to be very broad and mostly theoretical, and students are going to be given options to choose questions to answer. A few examples are as follows:

- What are three main characteristics of East Asian economic development and how are they interrelated?
- Do you think China has been following the so-called East Asian development model?
- Do you think the so-called middle income trap is relevant and applicable to East Asian countries?

- What are the main causes and effects of the 1997-98 East Asian Financial crisis?  
Open questions could be also included.

### **3. For the Presentation**

Students are required to make presentations on a certain aspect of development experience of a country chosen by themselves. The topic can be anything that is related with economic development. Students are encouraged not to take a very broad issue encompassing almost all the aspects of development for a successful presentation and a good paper. Let me give you a few examples:

- China's High savings rate: How was it possible?
- South Korea's zaebols: Engine of Growth or Obstacle to Development?
- East Asian financial Crisis and IMF
- ASEAN Economic Community: Can It Survive?