

Graduate School of Public Policy
The University of Tokyo

Case Study (Paradigm Change for Asia's Emerging Economies)

Course No. 5140720
Winter 2013

COURSE SYLLABUS

Time: 10:30am-12:10pm, Thursdays (October 3, 2013-January 23, 2014)
Location: Room No. 8, 6th floor, Administration Bureau Building 2, Hongo Campus
Instructor: Toshiro NISHIZAWA, Professor (practitioner faculty member)
TA: Ms. Gaye KIM (Adjunct TA: Mr. Tatsuya OGAWA)
Credits: 2 credits
Language: English
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Please feel free to send me e-mails with any question about the course or if you want to make an appointment. To help me not to miss your incoming e-mails, **please start the subject line with "5140720" (Course No.) when you send e-mails.*

1. Objectives/Overview

A primary question is whether the achievements of Asia's emerging economies since the crisis in the late 1990s will be sustainable, and could lead to the fundamental transformation of the economies towards a "*more advanced stage*" of development going forward. Cases are taken mainly from the experiences of and prospects for Indonesia, Korea, and Thailand.

As a first step, it should be worthwhile to revisit recent history since the crisis in the late 1990s, and ask how and why Asia's emerging economies have been able to demonstrate better performance, and thus regain an improved credit standing and positive investor confidence. Also, we should ask whether the current setting for Asia's emerging economies differs from the pre-Asian Crisis landscape.

What are the key factors and mechanisms behind these achievements? Contributing factors and mechanisms, both endogenous and exogenous, are sought in the political, social, and economic domains from historical and global perspectives. More specific questions can be asked such as:

- ✓ Has their growth performance with relatively sound macroeconomic balances been a policy-induced outcome, or primarily made possible by benign external environments?
- ✓ How should we assess the economic fundamentals and institutional aspects? Are they

resilient to possible external shocks?

- ✓ How have the domestic social and political motivations contributed to their achievements?
- ✓ What has been the role of regional and global production, and distribution networks?
- ✓ What has been the role of external capital flows? Were external capital flows a destabilizing or contributing factor to their improved performance?
- ✓ How should we assess the effectiveness of the existing regional and global financial architecture?

Another question can be asked whether there are any challenges and pitfalls in their development model in such contexts as global macroeconomic imbalances, excessive dominance of monetary easing in advanced economies, natural resource and environment constraints, and social equity dimensions. We should also ask how to correct any shortcomings in a feasible way through public policy with an effective incentive design and minimum market distortions.

How should we define and seek Asia's concept of a "*more advanced stage*" of development? The study seeks implications for the role of the government and of public policy to meet the demand for *paradigm change* in emerging Asia.

2. Schedule (preliminary)

Day 1	October 3	Introduction	Nishizawa
Day 2	October 10	How promising is the Asian Century?	Nishizawa
Day 3	October 17*	The East Asian Miracle revisited	Nishizawa
Day 4	October 24	Debate over the East Asian Miracle	Nishizawa
Day 5	October 31	Debate over the East Asian Miracle	Nishizawa
Day 6	November 7*	What have we learned or not learned from the Asian Financial Crisis?	Nishizawa
Day 7	November 14	Student presentation on issues of interest (for mid-term report)	Nishizawa
Day 8	November 21	Policy agenda after the Asian Financial Crisis	Nishizawa
Day 9	November 28	Student presentation on recent economic achievements and policy discussion in selected Asian countries	Nishizawa

Day 10	December 5	Student presentation on recent economic achievement and policy discussion in selected Asian countries	Nishizawa
Day 11	December 12*	Student presentation on recent economic achievement and policy discussion in selected Asian countries	Nishizawa
Day 12	December 19	Discussion with practitioners	Nishizawa Guest
Day 13	January 9	Discussion with practitioners	Nishizawa Guest
Day 14	January 16	Discussion with practitioners	Nishizawa Guest
Day 15	January 23	Student presentation (for final report)	Nishizawa

*: Substitute date will be announced due to instructor's absence.

3. Teaching methods

This course will be organized as a seminar with introductory lecture followed by class discussion. *Active participation in discussion* based on student different backgrounds, life-experiences, knowledge, skills, and reading of assigned materials is expected. The working language is English.

Guest speakers will be invited to discuss specific issues from various perspectives and/or based on different fields of professional expertise.

4. Course requirements and grading

Students are required to make presentations several times *either on a topic of his/her interest or on one of her/his choice from the subjects given by the instructor* either individually or as a team depending on the total number of registered students. Each student is also required to submit reports based on the presentation in the middle and at the end of the course.

Also, students are required *from time to time to write a short note (up to about 600 words) about one of the readings assigned for a particular class* and to submit the note by e-mail at least twenty four (24) hours before the beginning of the class. Unless otherwise instructed, the note should cover: (a) your understanding of key ideas and questions raised by the author, (b) terms and concepts that you need clarification, and (c) issues identified for further discussion.

The course grade will be based on:

Presentations 35% (10% for mid-term and 25% for final)

Individual reports 35% (10% for mid-term and 25% for final)

Class attendance and participation 30%

5. Required readings

Required readings, mainly excerpts taken *selectively* from the following reference books and other materials, will be either made available on the course website or handed out in class.

Aoki, Masahiko, Hyung-ki Kim, and Masahiro Okuno-Fujiwara, eds. 1996. *The Role of Government in East Asian Economic Development*. New York: Oxford University Press.

Coggan, Philip. 2011. *Paper Promises: Money, Debt and the New World Order*. New York: Penguin Groups.

Djiwandono, J. Soedradjad. 2005. *Bank Indonesia and the Crisis: An Insider's View*. Singapore: Institute of Southeast Asian Studies.

Gill, Indermit, and Homi Kharas. 2007. *An East Asian Renaissance: Ideas for Economic Growth*. Washington, DC: The World Bank. Accessed September 30, 2013.

http://siteresources.worldbank.org/INTEASTASIAPACIFIC/Resources/226262-1158536715202/EA_Renaissance_full.pdf

http://siteresources.worldbank.org/INTEASTASIAPACIFIC/Resources/226262-1158536715202/EA_Renaissance_execsumm.pdf

Hill, Hal. 2000. *The Indonesian Economy*. 2nd ed. New York: Cambridge University Press.

Ito, Takatoshi. 2007. "Asian Currency Crisis and the International Monetary Fund, 10 Years Later: Overview." *Asian Economic Policy Review*. Volume 2, Issue 1 (June): 16-49.

Ito, Takatoshi, Akira Kojima, Colin McKenzie, and Shujiro Urata. 2007. "Editors' Overview: Ten Years After the Asian Crisis: What Have We Learned or Not Learned?" *Asian Economic Policy Review*. Volume 2, Issue 1 (June).

Kohli, Harinder S., Ashok Sharma, and Anil Sood, eds. 2011. *Asia 2050: Realizing the Asian Century*. New Delhi: SAGE Publications. Accessed September 30, 2013.

<http://www.adb.org/sites/default/files/asia2050-executive-summary.pdf>

http://www.unido.org/fileadmin/user_media/UNIDO_Worldwide/Asia_and_Pacific_Programme/Documents/AsianDevelopmentBankreport_asia-2050.pdf

Krugman, Paul. 1994. "The Myth of Asia's Miracle." *Foreign Affairs* 73, no. 6 (Nov/Dec): 62-78. Accessed September 30, 2013.

<http://www.ft.com/intl/cms/b8268ffe-7572-11db-aea1-0000779e2340.pdf>

Maddison, Angus. 2007. *Contours of the World Economy, 1-2030AD*. New York: Oxford University Press.

Nishizawa, Toshiro. 2011. "Changes in Development Finance in Asia: Trends, Challenges, and Policy Implications." *Asian Economic Policy Review*. Volume 6, Issue 2 (December).

Phongpaichit, Pasuk, and Chris Baker. 1998. *Thailand's Boom and Bust*. Chiang Mai: Silkworm Books.

Phongpaichit, Pasuk, and Chris Baker, eds. 2008. *Thai Capital: After the 1997 Crisis*. Chiang Mai: Silkworm Books.

Stiglitz, Joseph E., and Shahid Yusuf, eds. 2001. *Rethinking the East Asian Miracle*. New York: Oxford University Press. Accessed September 30, 2013.

<http://elibrary.worldbank.org/content/book/9780195216004>

UNDP. *Human Development Report 2013: The Rise of the South: Human Progress in a Diverse World*. 2013. Accessed September 30, 2013.

<http://www.undp.org/content/dam/undp/library/corporate/HDR/2013GlobalHDR/English/HD R2013%20Summary%20English.pdf>

<http://www.undp.org/content/dam/undp/library/corporate/HDR/2013GlobalHDR/English/HD R2013%20Report%20English.pdf>

Wie, Thee Kian. 2012. *Indonesia's Economy since Independence*. Singapore: Institute of Southeast Asian Studies.

World Bank. 1993. *The East Asian Miracle: Economic Growth and Public Policy*. New York: Oxford University Press. Accessed September 30, 2013.

<http://documents.worldbank.org/curated/en/1993/09/698870/east-asian-miracle-economic-growth-public-policy-vol-1-2-main-report>

<http://documents.worldbank.org/curated/en/1993/09/16828590/east-asian-miracle-economic-growth-public-policy-vol-2-2-summary>

Yoshitomi, Masaru, and ADBI Staff. 2003. *Post-Crisis Development Paradigms in Asia*. Tokyo: Asian Development Bank Institute. Accessed September 30, 2013.

http://adbi.adb.org/files/2003.03.books.post_crisis.devt.paradigm.pdf

6. Course outline (preliminary)

Day 1: Introduction

As an introduction to the subject, students are given an opportunity to watch videos related to the course subject taken from ADB, The Economist, and Financial Times websites. Then, the instructor will present the aim of this course as well as the teaching methods and approaches to follow. Students are asked to share with others in class their motivation to work on the subject and their backgrounds, life-experiences, knowledge, skills and so on.

Assignments

Students are required to write and to submit a short note (up to about 400 words) about her/his motivation to work on the issues related to Asia's emerging economies. Students are also asked to read Kohli, Sharma, and Sood (2011, 1-6) in order to be ready for class discussion on Day 2.

Day 2: How promising is the Asian Century?

In class discussion, students are asked to examine prospects for the "Asian Century" scenario,

to identify challenges, and to prioritize issues to be addressed from their own country perspective.

Readings

Kohli, Harinder S., Ashok Sharma, and Anil Sood, eds. 2011. *Asia 2050: Realizing the Asian Century*. New Delhi: SAGE Publications: 1-6 (Executive Summary).

Assignments

Students are required to write and submit a short note of up to about 600 words about World Bank (1993, 1-34) before Day 3. The note should cover: (a) your understanding of key ideas and questions raised by the author, (b) terms and concepts that you need clarification, and (c) issues identified for further discussion.

Day 3: The East Asian Miracle revisited

Following introductory lecture by the instructor, students are asked to participate in class discussion moderated by the instructor with a view to clarifying the key findings and policy implications of the research report about the East Asian Miracle.

Readings

World Bank. 1993. *The East Asian Miracle: Economic Growth and Public Policy*. New York: Oxford University Press: 1-34 (Summary).

Day 4: Debate over the East Asian Miracle

Readings

Krugman, Paul. 1994. "The Myth of Asia's Miracle." *Foreign Affairs* 73, no. 6 (Nov/Dec): 62-78.

Day 5: Debate over the East Asian Miracle

Readings

Aoki, Masahiko, Hyung-ki Kim, and Masahiro Okuno-Fujiwara, eds. 1996. *The Role of Government in East Asian Economic Development*. New York: Oxford University Press: xv-xxii and 1-37.

Stiglitz, Joseph E., and Shahid Yusuf, eds. 2001. *Rethinking the East Asian Miracle*. New York: Oxford University Press: 509-526.

Day 6: What have we learned or not learned from the Asian Financial Crisis?

Readings

Ito, Takatoshi. 2007. "Asian Currency Crisis and the International Monetary Fund, 10 Years Later: Overview." *Asian Economic Policy Review*. Volume 2, Issue 1 (June): 16-49.

Day 7: Student presentation on issues of interest (for mid-term report)

Day 8: Policy agenda after the Asian Financial Crisis

Readings

Gill, Indermit, and Homi Kharas. 2007. *An East Asian Renaissance: Ideas for Economic Growth*. Washington, DC: The World Bank: 1-43.

Yoshitomi, Masaru, and ADBI Staff. 2003. *Post-Crisis Development Paradigms in Asia*. Tokyo: Asian Development Bank Institute: 3-12.

Day 9: Student presentation on recent economic achievements and policy discussion in selected Asian countries

Day 10: Student presentation on recent economic achievements and policy discussion in selected Asian countries

Day 11: Student presentation on recent economic achievements and policy discussion in selected Asian countries

Day 12: Discussion with practitioners

Day 13: Discussion with practitioners

Day 14: Discussion with practitioners

Day 15: Student presentation (for final report)
