

Graduate School of Public Policy
The University of Tokyo

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

Course No. 5140722
Summer 2014

COURSE SYLLABUS

Time: 16:40-18:20, Fridays (April 4, 2014-July 18, 2014)
Location: Seminar Room No. 3 (Room 710), 7th floor, Administration Bureau Building 2
Instructor: Toshiro NISHIZAWA, Professor (practitioner faculty member)
TA: Ms. Agathe L'Homme
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 "5140722" (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, but the current topics in other countries in Asia are also discussed.

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 or matured enough to support sustained and equitable economic growth?
- ✓ 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?
- ✓ How should we invest in human capital to achieve sustained and equitable economic growth over the longer term?

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 or its possible reversal 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, particularly through public policy with an effective incentive design and minimum market distortions.

In this case study, we seek implications for the role of the government and of public policy to meet the demand for *paradigm change* in Asia. With this in mind, we will keep asking ourselves how we should define and develop Asia's concept of a "more advanced stage" of development.

2. Schedule (tentative)

Day 1	April 4	Introduction	Nishizawa
Day 2	April 11	How promising is the Asian Century?	Nishizawa
Day 3	April 18	Asia's economic transformation in the past decades	Nishizawa
Day 4	April 25	Brainstorming exercise for research topic	Nishizawa
Day 5	May 2	Hints for paradigm change discussion	Nishizawa
Day 6	May 9	Student presentation on issues of interest (for mid-term report)	Nishizawa
Day 7	May 16	Discussion on specific issues and cases (mid-term report due by May 19)	Nishizawa

Day 8	May 23	Discussion on specific issues and cases, followed by feedback on students' mid-term reports	Nishizawa
Day 9	May 30	Discussion on specific issues and cases	Nishizawa
Day 10	June 6	Discussion on specific issues and cases	Nishizawa
Day 11	June 13	Discussion on specific issues and cases	Nishizawa
Day 12	June 20	Discussion with practitioners	Nishizawa Guest (TBA)
Day 13	June 27	Discussion with practitioners	Nishizawa Guest (TBA)
Day 14	July 4 [†]	Student presentation (for final report)	Nishizawa
Day 15	July 11 [†]	Student presentation (for final report)	Nishizawa
Day 16	July 18	Tentatively reserved for a possible make-up class	Nishizawa

†: Possibly to be organized on an alternative date as an overnight off-campus retreat with the two slots combined in Hachioji Seminar House (total cost for accommodation, meal, and transportation estimated at ¥8,000)

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 twice in the middle and at the end of the course *either (a) on a topic of his/her interest in the context of the course objective as described above or (b) 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 presentations in the middle and at the end of the course.

Furthermore, students are required *from time to time to write a short note (up to 400 or 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 via e-mail or handed out in class.

ADB. 2013. *Key Indicators for Asia and the Pacific 2013*. Accessed March 31, 2014.
http://www.adb.org/sites/default/files/pub/2013/ki2013_0.pdf

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 March 31, 2014.
http://siteresources.worldbank.org/INTEASTASIAPACIFIC/Resources/226262-1158536715202/EA_Renaissance_full.pdf

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

Ito, Takatoshi, Akira Kojima, Colin McKenzie, and Shujiro Urata, eds. 2007. *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 March 31, 2014.
<http://www.adb.org/sites/default/files/asia2050-executive-summary.pdf>

Krugman, Paul. 1994. "The Myth of Asia's Miracle." *Foreign Affairs* 73, no. 6 (Nov/Dec): 62-78. Accessed March 31, 2014.
<http://www.foreignaffairs.com/articles/50550/paul-krugman/the-myth-of-asias-miracle>

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

Mahubani, Kishore. 2008. *The New Asian Hemisphere: The Irresistible Shift of Global Power to the East*. New York: Public Affairs.

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.

Rodrik, Dani. 2012. *The Globalization Paradox: Why Global Markets, States, and Democracy Can't Coexist*. New York: Oxford University Press.

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

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

UNDP. *Human Development Report 2013: The Rise of the South: Human Progress in a Diverse World*. 2013. Accessed March 31, 2014.

<http://www.undp.org/content/dam/undp/library/corporate/HDR/2013GlobalHDR/English/HDR2013%20Summary%20English.pdf>

<http://www.undp.org/content/dam/undp/library/corporate/HDR/2013GlobalHDR/English/HDR2013%20Report%20English.pdf>

World Bank. 1993. *The East Asian Miracle: Economic Growth and Public Policy*. New York: Oxford University Press. Accessed March 31, 2014.

<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>

Yoshino, Naoyuki. 2012. *Global Imbalances and the Development of Capital Flows among Asian Countries*. Paris: OECD. Accessed March 31, 2014.

<http://www.oecd-ilibrary.org/docserver/download/2712011ec004.pdf?expires=1396242826&id=id&acname=ocid195240&checksum=33763B130D4A21EF0BEB7081AEEEC1A0>

Yoshitomi, Masaru, and ADBI Staff. 2003. *Post-Crisis Development Paradigms in Asia*. Tokyo: Asian Development Bank Institute. Accessed March 31, 2014.

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

I would like to suggest that you read chapters (particularly, Chapters 1, 2, 5, and 6) of the following reference book. This is one of the widely-known classic reference books to help students or professionals to do research and to write a good research paper. You can easily purchase one from amazon.com (¥1,835) or borrow one from Nishizawa.

Turabian, Kate L. Revised by Booth, Wayne C., Gregory G. Colomb, Joseph M. Williams, and the University of Chicago Press Editorial Staff. 2013. *A Manual for Writers of Research Papers, Theses, and Dissertations*. 8th ed. Chicago: University of Chicago Press.

6. Course outline

Day 1, April 4: Introduction

As an introduction to the subject, students are given an opportunity to watch videos related to the course subject taken from various sources. 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.

Video clips

Asia 2050: Realizing the Asian Century (ADB, August 2011; 6:54 minutes)
Accessed March 31, 2014.
<http://www.adb.org/publications/asia-2050-realizing-asian-century>

Finance in the Asian Century (The Financial Times, March 24, 2014; 5:05 minutes)
Accessed March 31, 2014.

"First it was manufacturing, now it's the financial system. Warren Hogan, ANZ chief economist, talks to the FT's Paul J Davies about the next stage of Asia's transformation of the world economy. He predicts that Asia will dominate the world's financial system within the next 30 years."

<https://www.youtube.com/watch?v=TBN23ETecwM>

Dani Rodrik "Sane Globalization" (Global Utmaning, September 18, 2012; 2:21 minutes)
Accessed March 31, 2014.
<https://www.youtube.com/watch?v=GGAYpftqVyk>

Assignments

Students are required to write and to submit a short note (up to about 400 words) about her/his motivation to work on issues related to Asia's emerging economies before Day 2 (April 11) Students are also asked to read Kohli, Sharma, and Sood (2011, pages 1-6) in order to be ready for class discussion on Day 2.

Day 2, April 11: 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 (not need to be from an Asian country perspective, but from a non-Asian country perspective if the student is from a country outside Asia).

Reading

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 600 words about ADB (2013, pages 3-31) before Day 3 (April 18). The note should cover: (a) your understanding of key findings and questions raised in the report, (b) terms and concepts that you need clarification, and (c) issues identified for further discussion.

Day 3, April 18: Asia's economic transformation in the past decades

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 questions raised in ADB (2013, pages 3-31) and identifying issues for further discussion.

Reading

ADB. 2013. *Key Indicators for Asia and the Pacific 2013* (pages 3-31).

Day 4, April 25: Brainstorming exercise for research topic

Day 5, May 2: Discussion on specific issues and cases (TBA)

Day 6, May 9: Student presentation on issues of interest (for mid-term report)

Day 7, May 16: Discussion on specific issues and cases (TBA)

Day 8, May 23: Discussion on specific issues and cases (TBA), followed by feedback on students' mid-term reports

Day 9, May 30: Discussion on specific issues and cases (TBA)

Day 10, June 6: Discussion on specific issues and cases (TBA)

Day 11, June 13: Discussion on specific issues and cases (TBA)

Day 12, June 20: Discussion with practitioners (TBA)

Day 13, June 27: Discussion with practitioners (TBA)

Day 14, July 4: Student presentation (for final report)

Day 15, July 11: Student presentation (for final report)
