

ECONOMICS 411 (CRN 11833)

ECONOMIC DEVELOPMENT OF A SELECTED WORLD AREA

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MW 10.05-11.25

BURN 1B23

Prerequisites one of 154-230D or 154-250D

IMPORTANT NOTE: SOME CLASSES MAY BE MOVED TO FRIDAYS INSTEAD OF WEDNESDAYS OR MONDAYS AT THE SAME TIME. IN SUCH CASES AT LEAST ONE WEEK OF NOTICE WOULD BE GIVEN ON MY COURSES. PLEASE DO CHECK.

This course surveys the economic development of selected countries in Asia. Coverage will include the "four tigers" (S. Korea, Taiwan, Hong Kong and Singapore), and the second tier of countries that grew rapidly (Thailand, Malaysia and Indonesia). The focus will be on growth strategies, on the 1997 crisis and recovery and the more recent international crisis.

The course would begin with a very brief discussion (review for those who have had a course in macroeconomics) of issues of economic development and growth (roughly 5 lectures) before we look at individual countries. For the Fall 2017 term, the survey would be conducted on a country by country basis. We start with South Korea and about 2.5 weeks would be spent on that country. Since many of the issues that affect most of the countries discussed appear for the first time in the first country studied, the time spent on S. Korea would also serve as an introduction to the issues studied. Here primary focus would be on the factors underlying the rapid growth of the Asian countries in the last four decades, the problems that they faced during and after the 1997 crisis, and looking at how they are affected by the current economic difficulties that afflict the developed world since 2008. Attention would also be paid to the effect of possible current World slowdown. Inter country differences within Asia as well as characteristics common to rapidly growing countries would be investigated with a view of understanding the phenomenal growth in the region prior to 1997. The causes and responses to financial and economic crisis of 1997 in some of these countries and its consequences to the region's economic growth will also be discussed. Some attempt would be made to find commonalities in the effects of the 1997 and 2008 crises on these countries. S. Korea would be followed by Taiwan, then Hong Kong, Singapore, Malaysia, Indonesia and Thailand in that order. Each of these countries would be discussed for 2 to 3 lectures. The course would end with a discussion of what we learn from the experience of these countries in the last four and a half decades.

Texts: There are no books that are fully adequate in dealing with both pre and post 1997 economic development of the entire region. Danny Leipziger, Lessons From East Asia, University of

Michigan Press, 1997 is recommended as a primary source for a survey of economic development of many countries in our list for the period leading up to 1997 crisis. But it is very outdated and does not touch on the 1997 crisis itself. Also highly recommended as additional references are:

- (1) David A. Hollingsworth, The rise, the Fall and the Recovery of South East Asia's Minidragons, Lexington Books, 2007 for brief summaries on all countries except Hong Kong and South Korea.
- (2) East Asian Miracle, World Bank Economic Policy Research Report, 1993.
- (3) An excellent internet source is the IMF. The staff country reports from the staff of International Monetary Fund found at www.imf.org/external/pubs gives downloadable current studies on each of the countries covered. Asian Development Bank adb.org, Asian Development Bank Institute (adbi.org) and Asia Regional Information Center (aric.adb.org) are excellent sources; look under publications in their web sites.
- (4) While a course pack is not available, at the end of lectures covering each country, the lecture notes would be posted on the web. While they are not comprehensive, they would collectively provide better coverage on the countries than any one book in the market. However, students are expected to follow the readings that would be available in the Library.

Evaluation: Each student must submit **two copies** of one term paper (approximately 3600 words) by the First Monday of December (December 4, 2017 by the end of class time). The paper counts for 30% of the course. If the paper is late, there would be a penalty of 6% for the first day late and 3% penalty for each subsequent days late. Papers will not be accepted after December 8th 5.00 PM. One copy would be returned on request, but I would retain one. A final examination in the examination period will count for 70%. Active class participation is an important part of the course and would be factored in in deciding on adjustments to the course grade. Students are required to submit a written proposal for their paper by the 8th of November and get their topic approved by the instructor.

McGill University values academic integrity. Therefore all students must understand the meaning and consequences of cheating, plagiarism and other academic offences under the Code of Student Conduct and Disciplinary Procedures. (See www.mcgill.ca/integrity for mote information.) Additional policies governing academic issues which affect students can be found in the McGill Charter of Students' Rights online at <http://ww2.mcgill.ca/students-handbook/chapter1.html>. Plagiarism is a serious academic offense. Please consult and read carefully McGill's academic integrity website at www.mcgill.ca/integrity/student_guide/. According to Senate regulations, instructors are not permitted to make special arrangements for final examinations. Please consult the Calendar, section 4.7.2.1, General University Information and Regulations at www.mcgill.ca.

In accordance with McGill University's Charter of Student Rights students in this course have the right to submit in English or in French any written work that is to be graded.

Reading List:

The reading list may appear quite extensive. But the first section is a list of background references for those that need to catch up. The second section is a large list of books from which sections are to be read. The third lists a set of mostly papers from books in section two that provide detailed country information. The first item in each country list is a short and required reading. The second, if it is a paper rather than a book should also be so considered; the remainder is supplementary, but in most cases very helpful. Additional references would be suggested if deemed desirable.

REVIEW OF ECONOMIC DEVELOPMENT (For reference)

1. Michael Todaro and Stephen Smith, Economic Development, 12th Edition
2. David N. Weil, Economic Growth, 2009

BASIC STATISTICAL REFERENCES

1. World Development Reports and Asian Development Outlooks

(The latest Issue of the World Development Report is available at www.worldbank.org and the Asian Development Outlook is available at www.adb.org/Documents/Books/ADO/ McLennan Library also has a service that provides help with statistics in the development area.

BASIC GENERAL REFERENCES ON EAST ASIAN ECONOMIES. Only a very limited number of specific chapters from these books need to be read. Those would be listed in the reading list for specific countries. These books would be available at Redpath Library except those that are available online.

1. F. Gerard Adams & William E. James (ed.) Public Policies in East Asian Development, Praeger, 1999.
2. Anis Choudhury and Iyanatul Islam, Handbook on the Northeast and Southeast Asian Economies, Elgar, 2007.
3. Holger Henke & Ian Boxill (eds.), The End of the Asian Model, Philadelphia, 1999.
4. Eun Mee Kim(ed.), The Four Asian Tigers, Academic Press, 1998.
5. NBER-East Asia Seminar on Economics, Growth and Productivity in East Asia,2002 6. The East Asian Miracle; Economic Growth and Public Policy, World Bank Economic Policy Research Report, 1993.

7. K.S. Jomo (ed.) After the Storm: Crisis, Recovery and Sustaining Development in Four Asian Economies, 2004.
8. Takatoshi Ito and Anne Krueger (eds.), Lessons from East Asian Growth, 1995.
9. Danny M. Leipziger, Lessons from East Asia, 1997.
10. Masaru Yoshitomi Post Crisis Development Paradigms in Asia, ADB Institute, 2003, Available on the web site.
11. For an excellent overview of the 1997 crisis, see World Economic outlook, IMF, October 2000.
12. J.E. Stiglitz & Shahid Yusuf, Rethinking the Asian Miracle, Oxford 2001, Chapters 1, 2, 11, 12, & 13.
13. M.G. Quibria, Growth and Poverty: Lessons from the East Asian Miracle Revisited, ADBI Research Paper No.33, 2002. Available online
14. Yung Chul Park, Economic Liberalization and integration in East Asia, Chapters 1, 2 and 3 for a general introduction to 1997 crisis related issues.
15. David Hollingsworth, The Rise, the Fall and the Recovery of Southeast Asia's Minidragons, Lexington, 2007 has good summaries on Taiwan, Singapore, Thailand, Indonesia, and Malaysia.

SUMMARY REFERENCES ON SPECIFIC COUNTRIES (most references are from the books above. In the list below a reference to above refers to the list of books above. The items marked with a (*) and lecture notes that would be uploaded as we proceed are required readings.)

SOUTH KOREA

1. (*) Wonhyuk Lim, "Joint Discovery and Upgrading of Comparative Advantage: Lessons from Korea's Development Experience", in e-book, Post Crisis Growth and Development, 2010.
2. (*) Shin Jang-Sup, "South Korea: The Keynesian Recovery and the Costs of Structural Reform", in K.S. Jomo, After the Storm..
3. Kyu Uck Lee in 1 above.
4. Chapters 1 and 8 in 4 above
5. Pablo Busrelo in 3 above.

TAIWAN

1. Chapter 1 in 4 above.

2. (*) Erik Thorbecke and Henry Wan, "Taiwan's Development Experience: Stability and growth", Chapter 3 in Robert Ash and Megan Greene, (eds.) *Taiwan in the 21st Century*, Routledge, 2007.
3. Cal Clark, Taiwan's Development, 1989, for a detailed history.
4. Chi Shive and Hsien-Feng Lee in 1 above.

HONG KONG

1. (*) David R. Meyer, Hong Kong's Transformation as a Financial Centre, in the e-book, Hong Kong SAR's Monetary and Exchange rate challenges in Historical Perspectives, 2010 2.
Y.C. Richard Wong in 1 above.
3. Keun Lee, New East Asian Economic Development, 1993.

SINGAPORE

- 1.(*)Kong Yam Tan in 1 above
- 2.. Huff in 3 above.
4. Philippe Regnier in 3 above.
5. (*)W.G. Huff, "The Singapore Model of Development", Cambridge Journal of Economics, 1995, pp. 735-759

MALAYSIA

1. (*)K.S. Jomo, "Were Malaysia's Capital Controls Effective", in K.S. Jomo, After the Storm.
2. (*)Athukorala, P, Crisis and Recovery in Malaysia: the role of Capital Controls, Chapters 3- 6, 2001
3. Azmi Setapa and Shigeyuki Abe in 1 above.
4. R. Dornbusch, "Was Malaysia Different", 2001, NBER working paper no. 8325

INDONESIA

1. (*)Jonathan R. Pincus and Rizal Ramli, "Deepening or Hollowing out: Financial Liberalization, Accumulation and Indonesia's Economic Crisis:", in K.S. Jomo, After the Storm.
2. (*)George Fane, " Indonesian Economic Policies and Performance.1960-98", *World Economy*, 1999, pp. 651-668
3. Boedino & Hartadi A. Sarwono in 1 above.

THAILAND

1. (*)_Chapter 11 in 1 above.
2. (*)Peter G. Warr, "What Happened to Thailand", *World Economy*, 1999, pp. 631-650 3.
Peter G. Warr, The Thai Economy in Transition, 1993, for a historical perspective.

Additional references may be added to this list from time to time.