

## **POLITICAL ECONOMY OF EAST ASIA**

Course Description: The rapid rise of East Asia is one of the two or three most critical events of the last fifty years. Accounts of ‘the East Asian model’ have shaped our answers to critical questions including what prospects third world countries have in a competitive world economy; what sorts of policies can most effectively promote growth in third world countries; what caused the collapse of command socialism and what policies to recommend in the transition away from command socialism; what is the trade-off between equity and growth in diverse countries; what is the proper role of free markets in diverse countries; how international institutions should manage the world economy; the relationship between culture and economic performance; how to manage the transition from socialism to communism and where and under what conditions is democracy desirable — among other questions. While understanding East Asia may be important, events have repeatedly demonstrated the limits of our wisdom. The discovery of ‘the East Asian model’ in the 1980s and early 1990s led to arguments that that democracy and free markets were not as useful as previously understood. Then the East Asian Financial Crisis and the prolonged stagnation of Japan’s economy have called into question the value of the East Asian model. And now, the rise of China again puts our knowledge to the test. In this class we will join the effort to reevaluate our accumulated wisdom in light of recent experiences with an eye toward how our changing understanding of East Asia affects the rest of what we know.

### Course Requirements:

1. Research Paper. (45%) Each student will write an original paper based on extensive research that makes a meaningful contribution to the on-going discussion of East Asian political economy. Papers will be due on the day of the final exam.
2. Critical Reviews (45%) Students will write critical reviews of ten weeks’ readings. Reviews will not exceed three pages and will be due at the start of class each week. Contents and format will be discussed in class.
3. Class participation. (10%) Students are expected to have carefully read each week’s reading prior to class, to attend each class, and to make a creative contribution to class discussion.

Readings: The schedule appearing below may be revised during the course of the semester. Students must be alert to revisions issued in class or by email. Those readings marked with an asterisk are recommended, all others are required. It is critical that students carefully read all required readings before class.

### Miscellaneous Notes:

- Late assignments may be penalized, except in the case of critical reviews, which may not be submitted after attending the class in question. Advance warning and/or truly tragic or unavoidable circumstances may improve the prospects for mercy.
- All students should see that the instructor has their email address as soon as possible and should monitor their email for instructions and announcements.
- All take-home written work will conform to normal academic style, e.g., typed, 10-12 point fonts, standard margins, double-spaced, consistent system of footnotes, bibliography, etc.
- Plagiarism will be severely punished.
- An on-line version of this syllabus is available at:  
<http://www.marquette.edu/polisci/syllabi/263McCormick.pdf>.

Schedule:

Jan 17: Introduction

Jan 24: Opium and Empire (History)

Gregory Blue, "Opium for China: The British Connection" in Brook and Wakabayashi (eds.) *Opium Regimes: China, Britain, and Japan, 1839-1952* (Berkeley: University of California Press, 2000) 31-54.

Alexander Des Forges, "Opium/Leisure/Shanghai," *ibid*, 167-88.

R. Bin Wong, "Opium and Modern Chinese State-Making" *ibid*, 189-211.

Carl A. Trocki, *Opium, Empire and the Global Political Economy: A Study of the Asian Opium Trade 1750-1950* (New York: Routledge, 1999) 109-36, \*136-73.

James L. Hevia, "Opium, Empire, and Modern History" *China Review International* 10:2 (2003) 307-26.

Zheng Yangwen, *The Social Life of Opium* (New York: Cambridge University Press, 2005) 87-115, 146-63.

\*John M. Jennings, *The Opium Empire: Japanese Imperialism and Drug Trafficking in Asia, 1895-1945* (Westport, CN: Praeger, 1997).

Jan 31: The East Asian Model (What we knew a decade ago)

Stephan Haggard, *Pathways from the Periphery: The Politics of Growth in the Newly Industrializing Countries* (Ithaca: Cornell University Press, 1990) 1-48.

Robert Wade, *Governing the Market: Economic Theory and the Role of Government in East Asian Industrialization* (Princeton: Princeton University Press, 1990) \*(3-51), 297-382.

World Bank, *The East Asian Miracle: Economic Growth and Public Policy* (New York: Oxford University Press, 1993) \*1-59, 347-68.

Wolfgang Streeck, "Introduction: Explorations into the Origins of Nonliberal Capitalism in Germany and Japan" in *The Origins of Nonliberal Capitalism: Germany and Japan in Comparison* ed. by Streeck and Yamamura (Ithaca: Cornell University Press, 2001). pp. 1-38.

Gary G. Hamilton, "Remaking the Global Economy: U.S. Retailers and Asian Manufacturers" Presentation to Congressional-Executive Commission on China, May 19-20, 2005 [[http://www.uscc.gov/hearings/2005hearings/written\\_testimonies/05\\_05\\_19\\_20wrts/hamilton\\_gary\\_wrts.htm](http://www.uscc.gov/hearings/2005hearings/written_testimonies/05_05_19_20wrts/hamilton_gary_wrts.htm)].

\*Stephen Haggard, "On Governing the Market" *Issues & Studies* 40:1 (March 2004) 14-45.

\*T.J. Pempel, "Undone by Success?" *Issues & Studies* 40:1 (March 2004) 73-80

\*Robert Wade, "The Reprinting of *Governing the Market*" *Issues & Studies* 40:1 (March 2004) 103-34.

\*Asian Development Bank, *Emerging Asia: Changes and Challenges* (Manila: Asian Development Bank, 1997).

\*Paul Krugman, "The Myth of Asia's Miracle" *Foreign Affairs* 73:6 (March/April, 1994) 63-78.

Feb 7: Case Studies: Japan and Korea (Celebrating Success)

Ezra F. Vogel, *Japan as Number One: Lessons for America* (New York: Harper Colophon Books, 1979) 3-23, 225-56.

Chalmers Johnson, *MITI and the Japanese Miracle: The Growth of International Policy, 1925-1975* (Stanford: Stanford University Press, 1982) 3-34

T.J. Pempel and Keiichi Tsunekawa, "Corporatism Without Labour: The Japanese Anomaly" in *Trends Towards Corporatist Intermediation* ed. by Philippe C. Schmitter and Gerhard Lehmbruch (Beverly Hills: Sage, 1979), 231-70.

- \*Marie Anghodoguy, "Japan's Technology Policies and Their Limitations" in *Japan and China in the World Political Economy* ed. by Saadia M. Pekkanen and Kellee S. Tsai (New York: Routledge, 2005). pp. 189-204.
- \*Gerald L. Curtis, *The Japanese Way of Politics* (New York: Columbia University Press, 1988) 1-44, 233-51.
- \*Ezra F. Vogel, *The Four Little Dragons: The Spread of Industrialization in East Asia* (Cambridge, MA: Harvard University Press, 1991).
- Alice Amsden, *Asia's Next Giant: South Korea and Late Industrialization* (London: Oxford University Press, 1989) 3-78, \*(79-155) 319-26.
- Mark Clifford, "Chaebol" in *Troubled Tiger: The Business of Authoritarianism in South Korea* (Armonk, NY: M.E. Sharpe, 1994) 113-27.
- John Kie-chiang Oh, *Korean Politics: The Quest for Democratization and Economic Development* (Ithaca: Cornell University Press, 1999) 48-73.
- \*Yongping Wu, "Rethinking the Taiwanese Developmental State" *China Quarterly* 177 (2004) 91-114.

#### Feb 14: Democratic Transitions

- Stephen Haggard and Robert Kaufman, "The Political Economy of Authoritarian Withdrawals" in *The Origins of Liberty* ed. by Paul W. Drake and Mathew D. McCubbins (Princeton, NJ: Princeton University Press, 1998) 92-114.
- Hung-mao Tien, *The Great Transition: Social and Political Changes in the Republic of China* (Stanford: Hoover Institution Press, 1988) 1-42, 250-4.
- Hung-mao Tien and Tun-jen Cheng, "Crafting Democratic Institutions in Taiwan" *China Journal* n. 37 (January, 1997) 1-30.
- John Kie-chiang Oh, *Korean Politics: The Quest for Democratization and Economic Development* (Ithaca: Cornell University Press, 1999) 74-97.
- Mark Clifford, "Workers" in *Troubled Tiger: The Business of Authoritarianism in South Korea* (Armonk, NY: M.E. Sharpe, 1994) 272-85.
- Dong-Myeon Shin, *Social and Economic Policies in Korea: Idea, Networks and Linkages* (London: RoutledgeCurzon, 2003) 105-35.
- \*Hagen Koo, *Korean Workers: The Culture and Politics of Class Formation* (Ithaca: Cornell University Press, 2001).

#### Feb 21: Japan: What went wrong and what can be done?

- Steven K. Vogel, *Japan Remodeled: How Government and Industry are Reforming Japan* (Ithaca: Cornell University Press, 2006) 1-50, 205-25.
- T.J. Pempel, "Revisiting the Japanese Economic Model" in *Japan and China in the World Political Economy* ed. by Pekkanen and Tsai op. cit. pp. 29-44.
- Satoshi Ikeda, *The Trifurcating Miracle: Corporations, Workers, Bureaucrats and the Erosion of Japan's National Economy* (London: Routledge, 2002) 49-117.
- Eisuke Sakakibara, *Structural Reform in Japan: Breaking the Iron Triangle* (Washington, D.C: Brookings Institution, 2003) 23-86.
- Ito Peng, "Postindustrial Pressures, Political Regime Shifts, and Social Policy Reform in Japan and South Korea" *Journal of East Asian Studies* 4 (2004) 389-425.
- R. Taggart Murphy, "East Asia's Dollars" *New Left Review* 40 (July-August, 2006) 39-64.
- \*T.J. Pempel, *Regime Shift: Comparative Dynamics of the Japanese Political Economy* (Ithaca: Cornell University Press, 1998) 113-68.
- \*Saadia M. Pekkanen, *Picking Winners? From Technology Catch-up to the Space Race in Japan* (Stanford: Stanford University Press, 2003).
- \*Ronald J. Hrebendar, "The Money Base of Japanese Politics" in *Japan's New Party System* (Boulder, CO: Westview Press, 2000) 59-84.

- \*William W. Grimes, "Reassessing Amakudari: What Do We Know and How Do We Know It?" *Journal of Japanese Studies* 31:2 (2005) 385-97.
- \*Richard Katz, *Japanese Phoenix: The Long Road to Economic Revival* (Armonk, NY: M.E. Sharpe, 2003).

## Feb 28: East Asian Financial Crisis I (Causes)

- Stephan Haggard, *The Political Economy of the Asian Financial Crisis* (Washington, D.C: Institute for International Economics, 2000) 1-72.
- Gregory W. Noble and John Ravenhill, "Causes and Consequences of the Asian Financial Crisis" in *The Asian Financial Crisis and the Architecture of Global Finance* ed. by Noble and Ravenhill (Cambridge: Cambridge University Press, 2000) 1-35.
- Stephen Grenville, "Capital Flows and Crises" *ibid.* 36-56.
- \*Robert Wade, "The Asian Debt-and-Development Crisis of 1997-?" *World Development* 26:8 (1998) 1535-53.
- \*Kanishka Jayasuriya and Andrew Rosser, "Economic Orthodoxy and the East Asian Crisis" *Third World Quarterly* vol. 22 n. 3 (2001) 381-96.
- Joseph Stiglitz, "The East Asia Crisis: How IMF Policies Brought the World to the Verge of a Global Meltdown" in *Globalization and Its Discontents* (NY: WW Norton, 2002) 89-133.
- Bruce Rodney Hall, "The Discursive Demolition of the Asian Development Model" *International Studies Quarterly* 47 (2003) 71-99.
- David C. Kang, "Bad Loans to Good Friends: Money Politics and the Developmental State in South Korea" *International Organization* 56:1 (Winter, 2002) 177-207.
- \*Jeffrey D. Sachs and Wing Thye Woo, "Understanding the Asian Financial Crisis" in *The Asian Financial Crisis: Lessons for a Resilient Asia* ed. by Woo, Sachs and Schwab (Cambridge, MA: M.I.T. Press, 2000) 13-44.
- \*Elizabeth Thurbon, "Two Paths to Financial Liberalization: South Korea and Taiwan" *The Pacific Review* vol. 14 n. 2 (2001) 241-67
- \*IMF Staff, "The Asian Crisis: Causes and Cures," *Finance & Development*, Volume 35, Number 2 (June 1998) <http://www.imf.org/external/pubs/ft/fandd/1998/06/imfstaff.htm>.
- \*Paul Blustein, *The Chastening: Inside the Crisis that Rocked the Global Financial System and Humbled the IMF* (New York: Public Affairs, 2001).

## Mar 7: East Asian Financial Crisis II (Consequences and responses)

- Stephan Haggard, *The Political Economy of the Asian Financial Crisis* (Washington, D.C: Institute for International Economics, 2000) 87-237.
- \*Linda Low, "The Singapore Developmental State in the New Economy and Polity" *The Pacific Review* vol. 14 n. 3 (2001) 411-41.
- \*Donald Emmerson, "A Tale of Three Countries" *Journal of Democracy* vol. 10 n. 4 (1999).
- \*Richard Robison and Andrew Rosser, "Contesting Reform: Indonesia's New Order and the IMF" *World Development* vol. 26 n. 8 (1998) 1593-1609.
- \*Christine B. Chin, "The State of the 'State' in Globalization: Social Order and Economic Restructuring in Malaysia" *Third World Quarterly* vol. 21 n. 6 (2000) 1035-57.
- \*Pasuk Phongpaichit and Chris Baker, *Thailand's Crisis* (Chaing Mai: Silkworm Books, 2000).
- \*Marcus Noland, "The Philippines in the Asian Financial Crisis: How the Sick Man Avoided Pneumonia" *Asian Survey* vol. 40 n. 3 (May/June, 2000) 401-12.
- Shin, *Social and Economic Policies in Korea*, *op. cit.* 136-92.
- Iain Pirie, "Social Injustice and Economic Dynamism in Contemporary Korea" *Critical Asian Studies* 38:3 (2006) 211-43.

## Mar 14: Spring Break

## Mar 21: China: Politics of Economic Reform

- Barry Naughton, *The Chinese Economy: Transitions and Growth* (Cambridge, MA: MIT Press, 2007) 55-114.
- Kellee S. Tsai and Cook Sarah, "Developmental Dilemmas in China: Socialist Transition and Late Liberalization" in *Japan and China in the World Political Economy* ed. by Pekkanen and Tsai op. cit. 45-66.
- \*Jean C. Oi, *Rural China Takes Off: Incentives for Industrialization* (Berkeley: University of California Press, 1997).
- Minxin Pei, *From Reform to Revolution: The Demise Of Communism in China and the Soviet Union* (Cambridge, MA: Harvard University Press, 1994) 1-42, 205-11.
- China's Economy: Retrospect and Prospect*, ed. By Loren Brandt, Thomas G. Rawski and Gang Lin (Woodrow Wilson Center Asia Program Special Report, July 2005)
- Eric Thun, "Industrial Policy Chinese-Style" *Journal of East Asian Studies* 4 (2004) 453-89.
- \*Adam Segal, "Chinese Technonationalism: Autonomy and Security in the World Economy" in *Japan and China in the World Political Economy* *ibid.* pp. 205-22.

## Mar 28: Second Thoughts on China: Political Economy of Corruption and Inequality

- Wang Hui, *China's New Order* (Cambridge: Harvard University Press, 2003) 41-78.
- James E. Nickum, "Broken Eggs in the Market" *China Journal* 49 (January 2003) 119-26.
- Fei-Ling Wang, *Organizing through Division and Exclusion: China's Hukou System* (Stanford: Stanford University Press, 2005) 113-50.
- Anita Chan and Zhu Xiaoyang, "Disciplinary Labor Regimes in Chinese Factories" *Critical Asian Studies* 35:4 (2003) 559-84.
- Minxin Pei, *China's Trapped Transition: The Limits of Developmental Autocracy* (Cambridge, MA: Harvard University Press, 2006) 96-132, 206-218.
- Yasheng Huang, *Selling China: Foreign Direct Investment During the Reform Era* (New York: Cambridge University Press, 2003) 308-50.
- \*C.W. Kenneth Keng, "China's Unbalanced Economic Growth" *Journal of Contemporary China* 15 (February, 2006) 183-214.
- \*He Qinglian, "On Systematic Corruption in China and Its Influence" in *Private and Public Corruption* ed. by John Kleinig and William C. Heffernan (Lanham: Rowman and Littlefield, 2004). pp. 239-74.
- \*UNDP, *China Human Development Report—Human Development with Equity* (United Nations Development Program)  
[[http://www.undp.org.cn/downloads/nhdr2005/NHDR2005\\_complete.pdf](http://www.undp.org.cn/downloads/nhdr2005/NHDR2005_complete.pdf)]

## Apr 4: Political Economy of Chinese Democracy?

- Margaret Pearson, "The Business of Governing Business in China" *World Politics* 57 (January 2005) 296-322.
- Mary E. Gallagher, "Reform and Openness: Why China's Economic Reforms Have Delayed Democracy" *World Politics* 54 (April 2002) 338-72.
- Bruce Gilley, *China's Democratic Future: How It Will Happen and Where It Will Lead* (New York: Columbia University Press, 2004) 3-117, 243-8.
- \*Cheng Chen, "Institutional Legitimacy of an Authoritarian State: China in the Mirror of Eastern Europe" *Problems of Post-Communism* 52:4 (July/August 2005) 3-13.
- Ethan Gutman, *Losing the New China: A Story of American Commerce, Desire, and Betrayal* (Encounter Books: San Francisco, 2004) 127-72

## Apr 11: The East Asian Regional Economy

- Bruce Cummings "The Origins and Development of the Northeast Asian Political Economy" *International Organizations* 38 No. 1 (1984) 1-40.

- T.J. Pempel, "Introduction: Emerging Webs of Regional Connectedness" in *Remapping East Asia: The Construction of a Region* ed. by T.J. Pempel (Ithaca: Cornell University Press, 2005). 1-30.
- Andrew MacIntyre and Barry Naughton, "The Decline of a Japan-Led Model of the East Asian Economy" *ibid.*, 77-100.
- Dennis Tachiki, "Between Foreign Direct Investment and Regionalism: The Role of Japanese Production Networks" *ibid.*, 149-69.
- Gilbert Rozman, *Northeast Asia's Stunted Regionalism* (New York: Cambridge University Press, 2004) 351-79.
- Edward J. Lincoln, *East Asian Economic Regionalism* (Washington, D.C: Brookings Institution, 2004) 250-67.
- Michael J. Enright, Edith E. Scott and Ka-mun Chang, *Regional Powerhouse: The Greater Pearl River Delta and the Rise of China* (Singapore: John Wiley & Sons (Asia), 2005) 165-91.
- Michael Borrus, "Left for Dead: Asian Production Networks and the Revival of U.S. Electronics" in *The China Circle: Economics and Technology in the PRC, Taiwan, and Hong Kong* ed. by Barry Naughton (Washington, D.C: Brookings Institution, 1997). pp. 139-63.
- David C. Kang, "South Korea's Embrace of Interdependence in Pursuit of Security" in *Strategic Asia 2006-07: Trade, Interdependence, and Security* ed. by Tellis and Wills (Seattle: National Bureau of Asian Research, 2006). pp. 139-72.
- \*Charles H.C. Kao and Chu-Chia Steve Lin, "The Changing Economic Matrix between Taiwan and China" in *The New Knowledge Economy of Taiwan* ed. by Tain-Jy Chen and Joseph S. Lee (Cheltenham, UK: Edward Elgar, 2004). pp. 256-74.

#### Apr 18: China and the Third World

- John W. Garver, *China & Iran: Ancient Partners in a Post-Imperial World* (Seattle: University of Washington Press, 2006) 237-301.
- \*John W. Garver, *Protracted Contest: Sino-Indian Rivalry in the Twentieth Century* (Seattle: University of Washington Press, 2001) 243-74.
- David Shinn, "Human Rights Issues and the Africa-China Economic Relationship" address to Carnegie Council 8 December 2006 (audio available from links below)  
[\[http://media.policyinnovations.org/gpi/audio/20061207\\_DavidShinn.mp3\]](http://media.policyinnovations.org/gpi/audio/20061207_DavidShinn.mp3)  
[\[http://www.policyinnovations.org/ideas/media/audio/data/000080\]](http://www.policyinnovations.org/ideas/media/audio/data/000080)
- Ian Taylor, "China's Oil Diplomacy in Africa" *International Affairs* 82:5 (2006) 937-59.
- \*Barry V. Sautman, "Friends and Interests: China's Distinctive Links with Africa" Center on China's Transnational Relations Working Paper 12 Hong Kong University of Science and Technology (November 2006) [\[http://www.cctr.ust.hk/articles/pdf/WorkingPaper12.pdf\]](http://www.cctr.ust.hk/articles/pdf/WorkingPaper12.pdf)
- Jorge I. Dominguez, "China's Relations with Latin America: Shared Gains, Asymmetric Hopes" *Inter-American Dialogue Working Paper* (June 2006).
- \*Robert Devlin, Antoni Estevadeordal, Andrés Rodríguez-Clare, (eds) *The Emergence of China: Opportunities and Challenges for Latin America and the Caribbean* (Washington, D.C.: Inter-American Development Bank, 2006).

#### Apr 25: China and the US

- Steven D. Cohen, "The Superpower as Super-Debtor: Implications of Economic Disequilibria for U.S.-Asian Relations" in *Strategic Asia 2006-07: Trade, Interdependence, and Security* ed. by Ashley J. Tellis and Michael Wills (Seattle: National Bureau of Asian Research, 2006). pp. 28-63.
- Immanuel Wallerstein, "The Curve of American Power" *New Left Review* 40 (July-August, 2006) 77-94.

- Rosemary Foot, "Chinese Strategies in a US-Hegemonic Global Order: Accommodating and Hedging" *International Affairs* 82:1 (2006) 77-94.
- Stanley Lubman, "The Dragon as Demon: Images of China on Capitol Hill" *Journal of Contemporary China* 13:40 (2004) 541-65.
- Thomas I. Palley, "External Contradictions of the Chinese Development Model: Export-Led Growth and the Dangers of Global Economic Contraction" *Journal of Contemporary China* 15 (February, 2006) 69-88.
- Will Hutton, *The Writing on the Wall: Why We Must Embrace China as a Partner or Face It as an Enemy* (New York: Free Press, 2006) 238-70.
- Congressional Research Service, "Is China a Threat to the U.S. Economy?" (10 August 2006) [<http://www.fas.org/sgp/crs/row/RL33604.pdf>].
- \*U.S. China Economic and Security Review Commission, *Hearings on China and the Future of Globalization* (19 & 20 May 2005). [[http://www.uscc.gov/hearings/2005hearings/transcripts/05\\_05\\_19\\_20.pdf](http://www.uscc.gov/hearings/2005hearings/transcripts/05_05_19_20.pdf)]
- \*Katinka Barysch, *Embracing the Dragon: The EU's Partnership with China* (London: Center for European Reform, 2005)

May 2: Paper presentations