

**Boston University**  
**Sydney Internship Program**  
**EC 464 "The Pacific Rim -**  
**Economic & Political Orders"**

Course Coordinator: Dr Andrew Mack

## **Course Overview**

*'The rise of China, India and other Asian powers is shifting the balance of global wealth and power'. Michael Lind, Prospect Magazine, (Australian Financial Review, 1<sup>st</sup> February 2008).*

*'For many countries, China's resource demand insatiability is causing concern. 'Some governments worry as Beijing enters their spheres of influence or strikes deals with states they have tried to marginalise. In some quarters in the US, including the Pentagon, the intelligence services and Congress, the fear that China could challenge US military dominance in East Asia and destabilise the region is rising' (Zweig, D. and Jianhai, Bi, 'Feeding the Dragon, Australian Financial Review, 9<sup>th</sup> Sept 2005)*

*'China has \$US1.4 trillion in holdings in foreign exchange reserves, the world's biggest stockpile outside the US. An estimated 70 per cent is held in American currency, mainly low-risk US Treasury bonds (Sydney Morning Herald January 26, 2008.)'.*

This subject investigates how recent decades of rapid East Asian economic growth have undermined the US' influence in the region. We focus on the Pacific Basin's Eastern seaboard countries called the "Tigers, Dragons and Little Tigers". Whilst these countries have provided cheap and extensive resources and investment opportunities for western consumers and investors this has eroded western manufacturing sectors, creating massive debt and commodity and foreign exchange imbalances.

The investigation of these forces of regional change includes a broad historical overview of the legacies of the Western European imperial colonial order, a Japanese 'roll back' of that order, and the Cold War superpower confrontation for political and economic control over the region. We examine how the end of the Cold War has led to the emergence of East Asian geopolitical regulatory blocs such as ASEAN, EAEC and APEC. These blocs are considered in relation to a growing Japanese, US and China struggle for economic dominance and regional influence. The international institutions of the IMF, WTO and World Bank are seen as crucial 'enforcers' for a political and economic 'opening up' of the region. We consider the threats to orderly economic development in the region such as the Asian Financial Crash, environmental destruction, terrorist and secessionist movements, and continuing conflicts over the ownership and distribution of wealth and resources that are an inevitable part of this 'opening up' process. The subject sums up with some predictions of how the Chinese and US battle for regional influence will evolve.

## Major Themes

- ☆ The Pacific Basin region is investigated from a "political economy" perspective. **NB:** This does not presuppose a background in economic theory. A political economic analysis concerns the *power relations* involved in the organisation of work and natural resources for wealth-creation. Thus the course involves a critical examination of the interaction of economic, political, military and ideological forces in the region.

- ☆ A primary focus is on the transformation of the Pacific Basin from the post-World War Two era through the construction of a Western-capitalist politico-economic order. The various forms of capitalism are seen as bound up with the integration of the region. Case studies of the major economies in the region will be used to elaborate the concept of regional integration.
- ☆ A major focus with this study of capitalist development in the region will be to distinguish between the ideas of a *laissez-faire* system and the evidence of the various forms of state-organised capitalism.

### **Historic ‘watersheds’ of change covered by this unit**

- ☆ Tsunami as Fact & Metaphor for the succession of cataclysmic changes that characterise the eras of regional order – Asia Pacific watersheds of massive change and dislocation
- ☆ European empires control the region: British, Dutch, French
- ☆ Legacies of Imperial control
- ☆ The struggle for Independence from European control
- ☆ Japan’s 1930s-1940s Japanese imperial expansion
- ☆ End of European colonial control
- ☆ The Cold war and Super power-play in the region
- ☆ The end of the Gold Standard: Nixon, China
- ☆ Japan as world economic power
- ☆ Asian Financial Crisis
- ☆ China’s ascendancy and regional influence
- ☆ The rise of India in as a dominant regional power
- ☆ US continuing strategic and investment ambitions for the region

## **Academic objectives**

At the completion of this subject, students should be able to:

- ☆ Demonstrate a knowledge of theories relating to a political economic study of the Pacific rim

- ☆ Demonstrate a critical understanding of how international political economic processes (trade, investment, finance & labour migration) impact on the region
- ☆ Understand the major institutions ordering these processes at a regional, national and global level
- ☆ Understand some of the connections between international political-economic activity and state political, economic and social objectives.

## **Teaching Method**

The principal focus of the course will be introduced in lectures. These will be combined with student-led seminars and workshops investigating the current state of the East Asian and South East Asian economies. The seminar program closely follows the lecture program, allowing clarification of lecture material and the opportunity for a more critical development of the course concerns.

## **Grading Criteria**

Assessment will be calculated in percentage terms, translated into US standards after consultation between the lecturer and the Boston University program academic director.

# Assessment

## Workshop-contributions

### **Group Role Play: “US military aid to Indonesia”**

This role-play provides an introductory means by which students can develop an appreciation of the strategic and security responses to regional conflict. It is based on the logic that US agencies, authorities and military forces have strong political and economic reasons to intervene in regional affairs. We will investigate, the reasons for such intervention. We use the specific regional example of Indonesia to show how the US Government, in association with other regional interests, attempts to impose a political and economic and strategic agenda onto South East Asian countries. This draws on the issues of the US international coalition/mobilisation against terrorism, the way in which foreign corporate wealth-extraction is enforced, the threat to Indonesian unity of regional secessionist movements and ensuing political confrontations and social devastation. Some source material will be provided but students are encouraged to read and web-surf to build a contemporary appreciation of the forces at work.

### **Scenario**

The US has now renewed an earlier policy to provide military aid and military training to the Indonesian military, the TNI. This aid has generated a storm of controversy in Congress, as the TNI and Indonesian security institutions have been responsible for the murder of US citizens, the mass murder of East Timorese, and the brutal repression of secessionist campaigns. Local secessionist movements, such in Aceh and Iryan Jaya, have sought regional autonomy from Indonesia, and have as a consequence suffered from the brutal repression of Indonesian authorities. These concerns led to a mobilisation of US opinion opposing military aid to Indonesia and the aid was withdrawn. Recently, however, US concerns about a growing regional

insecurity has caused President Bush to successfully campaign to restore military aid. The rising sectarian violence has come from terrorist movements, local secessionist campaigns and claims for a greater return from US resource extraction companies.

The role-play will proceed as if the Congress has yet to decide the issue of military aid provision to Indonesia. The aim of the exercise is to gain an appreciation of the core politico-economic elements of an ongoing social conflict in the East Asian region. That is, to use theory and evidence to determine the nature and origins of a contemporary conflict and to see how the situation may be resolved through political debate.

### **Participants, protagonists, 'actors'**

In the second session, students will nominate which particular group involved in the struggle they wish to represent. The discussion, debate, argument will take the form of a public hearing, along the lines of US' Senate hearings. Students will work together to build a case from the source material and develop individual perspectives as part of that group. The various competing interests are:

- **The Indonesian military**
- **The Indonesian Government (the state)**
- **'Outside' opposition groups (especially from within the US and especially Democrat Party representatives)**
- **The US State Department and**
- **US corporate interests in the region**

### **Role play assessment**

This exciting and interesting contribution towards your understanding of the forces that drive regional conflict incorporates two assessable components,

## **Group Role Play**

A short extremely well-written and argued 'brief' of the attitudes and demands of each protagonist or 'actor'. Please source your material in footnotes

## **Group Role Play**

The hearing presentation both of the brief and a response to the counter arguments raised by other protagonists.

## **Case studies**

In the first two weeks you will nominate a particular Case Study area of research to cover one of the Class Schedule topics. Alternatively, you may like to choose a topic from the Appendix of Case Studies. Use whatever format (overheads, PP, or notes) you wish to present a ten-minute discussion on the countries/issues showing recent developments in the individual economies of the Asia-Pacific region. We will consider:

- How the countries generate wealth to feed, clothe, and shelter the population, whilst providing essential 'public goods' of infrastructure (roads, ports, hospitals, schools, legal-systems, etc). In essence, how countries are mobilising resources - capital, labour and land. This accounts the creation and distribution of a 'national surplus'
- Whether the countries getting wealthier, poorer, or remain in crisis.
- The extent to which US/western developed countries/Japanese business interests are making money from these countries
- The role of government in the organisation and planning of the political and economic systems, and the organisation of large-scale businesses
- Students may wish to investigate other factors that affect living standards, security, or economic viability (corruption, autocratic government, environmental destruction, lack of resource renewability, pollution, terrorism)

## **For the investigation, students should**

- ☆ Check the course-book readings and web-sites related to the countries/issues under review (*Far Eastern Economic Review*, *The*

*Australian Financial Review, The Economist, New Straits Times, Jakarta Post, general websites)*

- ☆ Present a ten-minute discussion on the countries/issues showing recent developments in the individual economies of the Asia-Pacific region.

## **Seminar Assessment (40%)**

Students will be assessed on

- a) 'Group Role Play: "US military aid to Indonesia" covered in class.
- b) Case Studies
- c) Overall Seminar contributions

## **Essay (40%)**

One essay of 2500 words based on the topics as below. The essay counts 40% towards the final assessment.

## **Examination (20%)**

### **Summary of the assessment requirements**

- **Group Role Play – paper (10%)**
- **Group Role Play – presentation (5%)**
- **Case Studies (20%)**
- **Overall Seminar contributions (5%)**
- **Essay (40%)**
- **Final Examination (20%)**

## **Reading**

Main Text: *Course Readings Handbook* EC 464. Please don't restrict your reading to the Course Readings, but also carry out independent research. Make use of the many relevant academic journals and social science indexes (eg APAIS). Also consider the major print and audio-visual media related to the various topics, such as the Australian Government broadcasting media (ABC) programs such as Lateline, ABC TV Foreign Correspondent, and Radio National Asia Pacific as well as the SBS TV program 'Dateline'. Most ABC

broadcasts are backed by Web Site downloadable transcripts. You should also explore other websites. (For instance, see the International Labour Office: <http://www.ilo.org/>; and <http://stern.nyu.edu/~nroubini/asia/AsiaHomepage.html>.) The *Far Eastern Economic Review* and *The Australian Financial Review* occasionally include useful articles. The inclusion of items of contemporary relevance into the seminar discussions will serve you well academically and in assessment.

## **Introductory readings**

Mark Beeson (ed) (2002) *Reconfiguring East Asia, Regional Institutions and Organisations after the Crisis*, New York, Curzon.

Mallett, V. (1999). *The Trouble with Tigers*. London, Harper Collins.

Garry Rodan, Kevin Hewison and Richard Robison (eds) (1997) *The Political Economy of South-East Asia: An Introduction*, Melbourne: Oxford University Press.

Jomo K.S. (ed) (1998) *Tigers in Trouble: Financial Governance, Liberalisation and Crises in East Asia*, London: Zed Press,

Richard Robison (ed) (1996) *Pathways to Asia: The Politics of Engagement*, Sydney: Allen & Unwin

P.J. Lloyd & Lynne S Williams (eds) (1996) *International Trade and Migration in The APEC Region*, Melbourne: Oxford University Press

## **Background readings:**

Apart from the book of readings, there is no single reference text that encapsulates the concerns of this course. Some starting points:

Mark Beeson (ed) (2002) *Reconfiguring East Asia, Regional Institutions and Organisations after the Crisis*, New York, Curzon.

Mallett, V. (1999). *The Trouble with Tigers*. London, Harper Collins.

Garry Rodan, Kevin Hewison and Richard Robison (eds) (1997) *The Political Economy of South-East Asia: An Introduction*, Melbourne: Oxford University Press.

Berger, Mark, (2004) *The Battle for Asia*, Routledge, London

## **Terms and Conditions**

Students are expected to attend all seminars and lectures, and to advise the lecturer of an inability to do so. All students are responsible for having read the Boston University statement on plagiarism, which is available in the Academic Conduct Code. Students are advised that the penalty against students on a Boston University program for cheating on examinations or for plagiarism may be “. . .expulsion from the program or the University or such other penalty as may be recommended by the Committee on Student Academic Conduct, subject to approval by the Dean”.

