CAS IR 368/EC 368: Contemporary East Asian Economics

Fall 2011
MWF 9:00-10:00 a.m.
GCB 207

Professor William Grimes

Office Hours: T 10-12, W 2-3:30 or by appt.
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This course examines economic developments in Japan, South Korea, Taiwan, and China in the post-war period. It emphasizes the institutions and historical conditions that have contributed to, slowed, and shaped development in those economies. We will consider similarities and differences in their experiences of economic development, and examine some of the challenges facing each economy today.

The first half of the course looks at Japan’s post-war economy. We will consider how Japan moved from impoverishment and military defeat to industrial, technological, and financial superpower. While we will discuss some of the costs of development, the focus will be on the economic and political factors that allowed Japan to grow in such an astounding way throughout much of the post-war period. We will also address at length the problems of the Japanese economy since the early 1990s, and the issue of why Japanese institutions have done such a poor job of addressing them.

The second half looks at Korean and Taiwanese post-war development, as well as more recent developments in China and in the regional economy. This section of the course considers several key questions: What do the experiences of Korea, Taiwan, and China tell us about the role of government policies in economic growth? Why were the effects of the Asian Financial Crisis on Korea and Taiwan so markedly different? What have been the main drivers for China’s extraordinary recent growth? And how have processes of globalization and regionalization changed the economies of Japan, Korea, Taiwan, and China?

Requirements
Students are expected to attend all classes and keep up with the weekly reading assignments (approximately 80-100 pp. per week). There will be one in-class midterm and a final exam. Attendance will be taken regularly. Students are also required to attend at least three on-campus Asia-related events as designated by the instructor. The weights are as follows:

- Attendance/Participation 10%
- Asia-Related Events 5%
- Midterm I 25%
- Midterm II 25%
- Final Exam 35%

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NOTE: If you miss class for any reason, it is your responsibility to ensure that you obtain any notes, assignments, or handouts. All assignments and handouts, as well as the syllabus, will be made available through Blackboard (http://blackboard.bu.edu).

Readings


The above books are on sale at the bookstore and on reserve in the library. Photocopies of all other chapters and articles in the syllabus are available through the BU Library system, either through the E-Journals resource, through Blackboard, or on reserve in either Mugar or Pardee (SMG) library.

Please note that finding articles in academic journals is a basic skill that all college students should have. For that reason, I have not uploaded to Blackboard any articles that are in journals to which BU has an online subscription (e.g. *Journal of Asian Economics*). To find these articles, go to the BU Library’s E-Journals search page, type in the journal name, and proceed from there.
Course Outline

Part I: Post-War Japanese Development

Wed. 9/7       East Asia: Historical and Geographical Overview

Fri. 9/9        Film: Reinventing Japan

Mon. 9/12       Occupation to Oil Shocks
                Flath, Chapt. 4.

Wed. 9/14       Labor Management and Labor Movement
                Flath, Chapt. 15, pp. 120-129.

Fri. 9/16       The Japanese Production System: Kanban and QCs
                Michael Cusumano, The Japanese Automobile Industry: Technology and
                Management at Nissan and Toyota (Cambridge: Harvard University

Mon. 9/19       Keiretsu: Corporate Alliances
                Flath, Chapt. 12.

Wed. 9/21       Industrial and Technology Policy
                Flath, Chapt. 9; Daniel Okimoto, Between MITI and the Market (Stanford,
                1989), pp. 55-86.

Fri. 9/23       Review

Mon. 9/26       Savings and Investment
                Flath, Chapt. 5.

Wed. 9/28       Fiscal Policy

Fri. 9/30       Review

Mon. 10/3       Trade Frictions
                Flath, Chapt. 8; C. Fred Bergsten, Takatoshi Ito, and Marcus Noland, No

Wed. 10/5       Review

Fri. 10/7       MIDTERM I

Wed. 10/12      Exchange Rates & Outward Investment
                Flath, Chapt. 7.
Fri. 10/14  Finance and Financial Policy in the 1980s: Bubble and Crash

Mon. 10/17  Finance and Financial Policy after the Crash

Wed. 10/19  Financial Supervision Reforms

Fri. 10/21  Review

**Part II: Korea and Taiwan in the Post-War Period**

Mon. 10/24  Korea and Taiwan: From Import-Substitution to Export-Led Growth

Wed. 10/26  Korea: Industrial Targeting and the Growth of the Chaebol

Fri. 10/28  State and Finance in Korea and Taiwan

Mon. 10/31  Review

Wed. 11/2  Korea and Taiwan: From Smokestacks to Computer Chips

Fri. 11/4  Asian Financial Crisis

Mon. 11/7  After the Asian Financial Crisis – Korea

Wed. 11/9  Review

Fri. 11/11  MIDTERM II

**Part III: The Rise of China and the Transformation of East Asia**

Mon. 11/14  China’s Market Transition
Naughton, Introduction and Chapt. 4.

Wed. 11/16  Growth and Structural Change in China
Naughton, Chapt. 6.

Fri. 11/18  Industry and Ownership in China
Naughton, Chapt. 12, 13.

Mon. 11/21  Review

Mon. 11/28  China in World Trade
Naughton, Chapt. 16.

Wed. 11/30  Foreign Investment in China
Naughton, Chapt. 17.

Fri. 12/2  Review

Mon. 12/5  China's Financial System
Naughton, Chapt. 19.

Wed. 12/7  Production Networks in East Asia
Naoko Munakata, Transforming East Asia (Brookings, 2006), Chapt. 3; William Grimes, Currency and Contest in East Asia (Cornell, 2009), Chapt. 2.

Fri. 12/9  Aging Society Issues

Mon. 12/12  Overall Review of Post-War East Asian Economies

**FINAL EXAM: TUESDAY, DECEMBER 20, 3:00-5:00**