Economic Growth, Development, and Challenges of East Asia (IPS224/ECON124)

Prof. Yong Suk Lee
Encina Hall E309
yongslee@stanford.edu
Office hours: Wed. 4-5pm

Course Description

This course explores economic growth and development in East Asia and the region’s current economic challenges. For the purpose of this course, we will largely focus on China, Japan, and Korea. However, we will also examine several Southeast Asian countries when relevant. The first part of the course examines how economic growth progressed across East Asia and the development strategies pursued by different countries. Cross-country comparisons will help draw similarities but also differences in the development processes. We will also discuss the debates surrounding an East Asian model for economic growth.

The second part of the course focuses on specific themes relating to the current economic environment. Specifically, we will examine how corporate governance, education, inequality, demographic change, urban development, leaders, etc. impact economic development in East Asia. Readings will come from books, journal articles, policy reports, working papers, news articles, and case studies. Students will learn how empirical evidence is presented in economics articles throughout the course.

East Asia presents many opportunities for students interested in the region. The course will provide students with an understanding of East Asia’s economic growth, and ongoing economic challenges.

Course Requirements

Grades will be determined by the following formula:

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<th>Component</th>
<th>Weight</th>
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<tbody>
<tr>
<td>Problem sets (2)</td>
<td>10%</td>
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<td>Response papers and class participation (2)</td>
<td>15%</td>
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<tr>
<td>Midterm</td>
<td>30%</td>
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<td>Individual or Group project</td>
<td>10%</td>
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<td>-Proposal</td>
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<tr>
<td>-Presentation</td>
<td>15%</td>
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<tr>
<td>-Final Paper</td>
<td>20%</td>
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Problem sets: Two problem sets will be due. The problem sets aim to promote your understanding and reading of empirical material presented in the literature. You may collaborate but you must write up your own answers. If you do work together, please list the names of other people you worked with at the end of the problem set. Problem sets will be graded on a check, check plus, check minus scale. Problem sets are due at the start of class and late problem sets will not be accepted.
**Response papers**: Each student will write response papers to the readings for **two** classes. Each paper should be **no more than** two double-spaced pages. Your response papers should concisely communicate to me

1. your brief evaluation of the reading, and
2. any follow up ideas or suggestions.

The students who prepare papers for a particular day will have thought somewhat more deeply about the day’s topic, and I will expect these students to play a vital role in the class discussion. You are of course still responsible for the readings on days you are not writing a response paper.

Each response paper will be due by **10 PM of the day before class**. You should submit your paper on the course webpage. By having the papers in advance of class, I can use them in planning the course of the next day’s discussion. Therefore, it is important that I get the response papers promptly. Given the nature of the response papers, **late papers will not be accepted**. Class meetings after the midterm exam will have associated response papers.

I will assign you to write on specific classes based as much as possible on your preferences (reserving the right to ensure equal distribution across the semester). In order to match students to topics, I need to know your preferred dates for writing response papers. I will set up a Doodle poll where you can express your preferences. If you do not have strong preferences, or you do not express them in time, I will make assignments based on what other students have not chosen. While you may discuss the readings with colleagues before writing response papers, the papers themselves should be individual work.

**Individual or Group Project**

There will be an individual or a group project that involves writing a short proposal, giving a short in-class presentation, and writing a final paper on a specific topic in one of the East Asian countries. You can form your own groups. Otherwise, I will form groups based on the country and topic each student is interested in. I will provide further information regarding the project and group formation soon after enrollment is finalized.

**Proposal**: The main goal of the research proposal is to come up with an interesting research question. Finding a question interesting to you and convincing others that the question is interesting is not as easy as it sounds. You will need to search for articles, review the literature, and refine the question many times. I encourage each of you to think about a question as early on as possible in the course. I will later distribute a guideline on how to write the research proposal. Due **5/7/2015**

**Presentation**: The presentation will build on your proposal. You may present an argument based on analysis of the literature, case-studies, evidence based on data. How well and clearly you convey your findings will be important. These will be short in-class presentations that will be scheduled towards the end of the course.

**Final Paper**: The final paper will be due **6/10/2015**

**Midterm exam**: There will be a **midterm exam on 4/30/2015**. There are no make up exams. Only exceptions will be serious medical conditions with letter from the doctor that states that the medical problem prevents you from taking the exam or death in the family.
Prerequisites

The first year statistics/econometrics sequence should suffice for IPS students. For economics students Econ 102B is a prerequisite. Similar courses may substitute as prerequisites. I will review basic regression concepts, but familiarity with regression analysis will be helpful, as I will not go into the details of the econometrics.

Honor Code

The Honor Code applies to all work submitted and exams taken in this class. You are encouraged to collaborate on the problem sets, though you must turn in your own problem set, written in your own words. Every member should contribute to the group project, and all members of the group will receive the same grade for the group project. Appropriate attribution of source material is essential. Either footnotes or in-text citations with a references page are acceptable. Pay particular attention to citations of online sources. I must be able to find the source from the location you provide. The usual rules apply for exams. It is a violation of the honor code to look at another person's test when taking an exam, to allow another person to look at your test during an exam, to ask another person for assistance during a test or to give such assistance during the test, to bring notes, or to consult any reference material during a test.

Readings

Readings are to be read before class. Most of the readings for this course are journal articles which you can search online and download from a Stanford connected computer. You will need to get the following materials.

- There will be two Harvard Business School Cases early in the quarter. These will be available for purchase and download at an online HBS website. The link will be up on Coursework.

- Paul Krugman, *The Return of Depression Economics*. We will read several chapters from this book. The library has copies as well.
## Course Structure and Important Dates

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<tr>
<th></th>
<th>Date</th>
<th>Topic</th>
<th>Notes</th>
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<tbody>
<tr>
<td>1</td>
<td>Tue 3/31/2015</td>
<td>Introduction and organization: Why are East Asian economies interesting?</td>
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<tr>
<td>2</td>
<td>Thu 4/2/2015</td>
<td>Economic growth: Patterns and trends</td>
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<td>3</td>
<td>Tue 4/7/2015</td>
<td>Case study: Japan “The Miracle Years”</td>
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<td>4</td>
<td>Thu 4/9/2015</td>
<td>Case study: South Korea “The Korean Model of Shared Growth”</td>
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<td>5</td>
<td>Tue 4/14/2015</td>
<td>Introduction to growth regressions – Hand out Problem Set 1</td>
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<td>6</td>
<td>Thu 4/16/2015</td>
<td>East Asia in the framework of growth regressions.</td>
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<td>7</td>
<td>Tue 4/21/2015</td>
<td>China’s transformation: From a planned to market economy – Hand out Problem Set 2</td>
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<td>8</td>
<td>Thu 4/23/2015</td>
<td>East Asian Model? / East Asia in Transition</td>
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<td>9</td>
<td>Tue 4/28/2015</td>
<td>The Asian Financial Crisis</td>
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<td>10</td>
<td>Thu 4/30/2015</td>
<td>Midterm exam</td>
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<td>11</td>
<td>Tue 5/5/2015</td>
<td>Corporate governance and management</td>
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<td>12</td>
<td>Thu 5/7/2015</td>
<td>Education and human capital development</td>
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<td>13</td>
<td>Tue 5/12/2015</td>
<td>Inequality</td>
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<td>14</td>
<td>Thu 5/14/2015</td>
<td>Demographic challenges- Aging, gender inequality, and immigration</td>
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<td>15</td>
<td>Tue 5/19/2015</td>
<td>Housing and urban development</td>
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<td>16</td>
<td>Thu 5/21/2015</td>
<td>North Korea and economic sanctions</td>
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<td>17</td>
<td>Tue 5/26/2015</td>
<td>Leaders, democracy, and economic development / Student presentations</td>
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<td>18</td>
<td>Thu 5/28/2015</td>
<td>Student presentations</td>
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<td>19</td>
<td>Tue 6/2/2015</td>
<td>Student presentations</td>
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*Final paper: Due date 6/10/2015*
Course Outline and Readings

Note: I may make modifications as the semester unfolds.

Class 1. Introduction: Why are East Asian Economies interesting?

Class 2. Economic growth in East Asia: Patterns and trends

- World Bank(1993), *East Asian Miracle*, Ch 1 (pp. 27-48) & Ch 2 (pp. 79-87).

Class 3. Japan: The original miracle


Class 4. South Korea’s growth


Class 5. Introduction to growth regressions


Class 6. East Asia in the framework of growth regression

- World Bank (1993), *East Asian Miracle*, Ch 1 (pp. 48-63)

Class 7. China’s economic transition


Class 8. East Asia in transition / Is there an East Asian model?


Class 9. The Asian financial crisis

• Krugman P. (1999), The Return of Depression Economics, Ch 2
• Krugman P. (1999), The Return of Depression Economics, Ch 5

Class 10. Midterm Exam

Class 11. Corporate governance and management


Class 12. Education and human capital development


Class 13. Inequality

• Steven Denny, “Piketty in Seoul: Rising Income Inequality in South Korea”, The Diplomat, Nov. 4, 2014.

Class 14. Demographic challenges


Class 15. Housing and Urban Development


Class 16. North Korea and Economic Sanctions


Class 17. Leaders, Democracy and Economic Growth


Classes 18–19. Student presentations

Final paper due 6/10/2015.