

ITRN 701 – 007 FALL 2011
EMERGING ASIA: OPPORTUNITIES AND COMPLEXITIES

Instructor: Prof. Hilton Root
 Office Room: Founders Hall #636
 Office Hours:
5-7 Monday & 5-7 Tuesday
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 Class Day: Tuesdays (8/29 –12/20)
 Time: 7:20 pm – 10:00 pm
 Classroom: ARLFH 478

Course Description: Asia contains many of the world’s fastest growing economies. Before the 1997 financial crisis it seemed possible that the region was on its way to become the center of the world economy. As the second decade of the 21st century begins the regions regains its promises as the center of global economic development. It contains two of the most promising rising stars in the world’s economy: India and China. What is the relationship between public policy and regional economic growth? Can the region’s economic fundamentals impel economic growth over the long term? Will the region be able to maintain its strength and how? Will China become the new epicenter of the region’s dynamism?

This course will focus on the political foundations of Asia’s economic dynamism, covering the role of Japan, China’s rapid industrialization, recovery and reform in East Asia, and India’s prospects of becoming a middle-income country. What will the growth of China as a regional and global economic power mean for its neighbors? How do Asia’s giants -- China, India and Indonesia -- compare? What role does conflict between Pakistan and India play in the region’s future? Can Indonesia’s democracy overcome its endemic corruption? How will the smaller economic powerhouses of the past, Korea and Singapore, fare in the wake of rising China? Will democracy take root in the region? Diversity is both strength and a barrier to collaboration. Will the region’s many rivalries give way to institutionalized cooperation? What are the integrating forces? What will the region’s place be in the larger global economy? What are Asia’s assets and liabilities for the future?

We will explore many perspectives on public policy during the rapid growth period and the subsequent recovery to determine the distinctive features of Asia’s development and their applicability in a changing world economy.

Required Books:

Jose Edgardo Campos and Root, Hilton. 1996. “Key To The Asian Miracle”. Brookings University Press.

Root, Hilton. 2005. “Capital and Collusion: The Political Logic of Global Economic Development”. Princeton.

Bardham, Pranab. 2010. “Awakening Giants, Feet of Clay: Assessing the Economic Rise of China and India. Princeton University Press

Eamonn, Fingleton. 2009. "In The Jaws of the Dragon: America's Fate in the Coming Era of Chinese Dominance. New York: St. Martin's Press.

Justin Lin, 2003. *The China Miracle: Development Strategy and Economic Reform*. The Chinese University Press.

Richard, Nisbett. 2003. "The Geography of Thought: How Asians and Westerners Think Differently and why. UK: Free Press

Other reading materials: will be available either on **e-reserves** (password: asia) or **two-hour reserves** at the Arlington library or distributed via **email**.

Week 1: AUGUST 30

Introductory Meeting:

Facing the 21st Century: Asian Regionalism

Week 2: SEPTEMBER 6

Asian Miracle: making shared growth credible

Required Reading:

Campos, Jose Edgardo, and Hilton L. Root. 1996. *The Key to the Asian Miracle: Making Shared Growth Credible*. Washington, D.C.: Brookings Institution.

Week 3: SEPTEMBER 13

Financial Crises and Recovery

Required Reading:

Root, Hilton. 2005. *Capital & Collusion*. Ch. 4 & Ch. 5

Root, Hilton. 2003. "Korea's Recovery: Don't Count on the Government." *Milken Institute*. Number 14

Shuhe Li, John. 2000. "The Benefits and Costs of Relation-based Governance: An Explanation of the East Asian Miracle and Crisis" (e-reserve).

Week 4: SEPTEMBER 20

Regional Monetary and Financial Cooperation in East Asia

Guest speaker: David Bishop

Required Reading:

TBA

Week 5: SEPTEMBER 27

The U.S. and East Asia: Democracy and Legitimacy

Movie: Pacific Century
 Discussion after the movie

Required Reading:

Wiegersma, Nancy and Joseph Medley. 2000. *U.S. Economic Development Policies Towards the Pacific Rim: Successes and Failures of U.S. Aid*. Macmillan Press, Ltd.: London. p. 16-34. (e-reserves).

Week 6: OCTOBER 4

South Asia Sequence I

India

How does India's economic backwardness both help and hinder its development? What are the reasons for the emergence of the Indian economy? How does patronage work in India? How can India be both rule-bound and unaccountable? How has India's private sector adapted to uncertainty? How does corruption and democracy coexist?

Required Reading:

Root, Hilton. *Capital & Collusion*, Ch. 7.

Suggested Readings:

Dreze, Jean and Amartya Sen. 2002. *India: Development and Participation*. Oxford University Press. Chapters 2, 3, 4 and 10

Das, Gurcharan. 2002. *The Elephant Paradigm: India Wrestles with Change*. Penguin Books

Bhagwati, Jagdish. 1995. *India in Transition: Freeing the Economy*. Oxford University Press.

Kochhar, Kalpana. 2006. "India's Pattern of Development: What Happened, What Follows?" IMF Working Paper.

Week 7: OCTOBER 11

NO CLASS

Week 8: OCTOBER 18

South Asia Sequence II

Pakistan: Anatomy of a Failing State

MIDTERM EXAM: in-class, one hour.

Required Reading:

Root, Hilton. *Capital & Collusion* Ch. 8

Root, Hilton. *Alliance Curse*. Brookings Institute. 2008. Chapter 10 (e-reserve)

Suggested Readings:

Shah, Aqil. 2002. "South Asia Faces the Future: Democracy on Hold in Pakistan." *Journal of Democracy*. Volume 13, No 1

- Noman, Omar. 1997. *Economic and Social Progress in Asia: Why Pakistan Did Not Become a Tiger*. Karachi: Oxford University Press. Ch.6 -10
- Eatzaz Ahmad and Muhammad Aman Ullah, 2006. "Corruption and Income Inequality: A Panel Data Analysis", Pakistan Society of Development Economists, The 22nd Annual General Meeting and Conference, Pakistan Institute of Development Economics, December 19-21 (via email)
- Table on State and the Economy: A Profile By Political Periods, Pakistan Society of Development Economists, The 22nd Annual General Meeting and Conference, Pakistan Institute of Development Economics, December 19-21 (via email)
- Saleem, Farrukh. 2006. Capital suggestion series: Universities, Inventions, Knowledge
http://www.thenews.com.pk/daily_detail.asp?id=28341
http://www.thenews.com.pk/daily_detail.asp?id=27453
http://www.thenews.com.pk/daily_detail.asp?id=29238

Week 9: OCTOBER 25

Part 1: China's Revolution

Movie: Century of Revolution

Part 2: China's Path to Prosperity

Most economists (in particular, institutionalists) agree that the presence of institutions that support the market economy is critical to economic success. These institutions include the rule of law to secure property rights, an independent judiciary to enforce contracts impartially, appropriate government regulations to foster market competition, effective corporate governance, and transparent financial systems. China is far from meeting the standard. Yet the country performed well, puzzling many economists and leading many specialists to ask if efficiency-improving reforms require best practice institutions. One clue to the success of China's reforms is that they address both economic and socio-political considerations. Its reforms have been incentive compatible and take into account the initial condition of institutions.

Can an evolutionary path out of China's developmental contradictions be found? What measures has the Chinese Communist Party (CCP) adopted to preserve its authority against the potential threat of new elites? Do entrepreneurs seek political change, and if so, what kind? What role will the beneficiaries of economic reform, especially the red capitalists, play in this process?

Required Reading:

Root. *Capital & Collusion*, Ch. 9

Yingyi Qian. "How Reform Worked in China." Chapter 11, in *In Search of Prosperity: Analytic Narratives on Economic Growth*. Dani Rodrik (ed.) Princeton University Press. (e-reserves)

Nathan, Andrew J. 2003. "China's Changing of the Guard: Authoritarian Resilience." *Journal of Democracy*. 14:1. January 2003

Tenev, Stoyan and Chunlin Zhang. 2002. *Corporate Governance and Enterprise Reform in China: Building the institutions of modern markets*. World Bank: Washington D.C.

Justin Lin, 2003. *The China Miracle: Development Strategy and Economic Reform*. The Chinese University Press.

Suggested Readings:

Mandel, Michael J. "Does it matter if China catches up the U.S.? *Commentary*. *Business Week*. December 6, 2004.

http://www.businessweek.com/magazine/content/04_49/b3911413.htm

The Economist. China's Growth Spreads Inland. November 20, 2004.

Ravallion, Martin and Shaohua Chen. 2004. "Learning from Success: Understanding China's (Uneven) Progress Against Poverty." *Finance & Development*. December 2004.

**Week 10: NOVEMBER 1
China and India Compared**

Required Reading:

Bardham, Pranab. 2010. "Awakening Giants, Feet of Clay: Assessing the Economic Rise of China and India." Princeton University Press

Week 11: NOVEMBER 15

How and Why Asians and Westerners Think Differently?

Large differences in cognition have been found between Asians and Westerners in numerous studies conducted by cognitive psychologists. Both perception and reasoning processes are subject to substantial variation between Easterners and Westerners. These differences produce behavior that is qualitatively distinct. This suggests that conclusions about universality that are assumed in Western policymaking need a re-consideration.

Required Reading:

Nisbett, Richard. 2004. *The Geography of Thought*. N.Y. Free Press.

Inkeles, Alex. 1997. "Continuity and Change in Popular Values on the Pacific Rim".

Hoover Essays. (e-reserves)

Week 12: NOVEMBER 22

The Future of Democracy in Asia

Required Reading:

TBA

Week 13: NOVEMBER 29

China's Challenge to Global Liberalism

Required Reading:

Eamonn, Fingleton. 2009. "In The Jaws of the Dragon: America's Fate in the Coming Era of Chinese Dominance. New York: St. Martin's Press.

Dickson, Bruce J. 2010. "China's Cooperative Capitalists: The Business End of the Middle Class". In *China's Emerging Middle Class: Beyond Economic Transformation*, 291-309. Cheng Li, eds. Washington D.C.: Brookings Institution Press. (e-reserves)

Week 14: DECEMBER 6

Student Presentations (Based on themes chosen by each)

Week 15: DECEMBER 13 FINALS WEEKS

Paper or Research Proposal due by midnight DECEMBER 12TH.

Presentation

Students will be asked to form thematic groups and give a presentation in class. Each student will receive both a personal and group grades for this exercise.

Grades

Grades will be determined on

- Paper or Research Proposal 50%
- Presentation 20%
- Midterm exam 30%

Statement on special needs of students

If you are a student with a disability and you need academic accommodations, please see me and contact the Disability Resource Center (DRC) at 993-2474. All academic accommodations must be arranged through the DRC.

Online Student Journal

New Voices in Public Policy: I will consider nominating the very best papers in this course for publication in New Voices in Public Policy. New Voices is a student- and faculty-reviewed journal that shares SPP's finest student work with the rest of the world.

SPP Policy on Plagiarism

The profession of scholarship and the intellectual life of a university as well as the field of public policy inquiry depend fundamentally on a foundation of trust. Thus any act of plagiarism strikes at the heart of the meaning of the university and the purpose of the School of Public Policy. It constitutes a serious breach of professional ethics and it is unacceptable.

Plagiarism is the use of another's words or ideas presented as one's own. It includes, among other things, the use of specific words, ideas, or frameworks that are the product of another's work. Honesty and thoroughness in citing sources is essential to professional

accountability and personal responsibility. Appropriate citation is necessary so that arguments, evidence, and claims can be critically examined.

Plagiarism is wrong because of the injustice it does to the person whose ideas are stolen. But it is also wrong because it constitutes lying to one's professional colleagues. From a prudential perspective, it is shortsighted and self-defeating, and it can ruin a professional career.

The faculty of the School of Public Policy takes plagiarism seriously and has adopted a zero tolerance policy. Any plagiarized assignment will receive an automatic grade of "F." This may lead to failure for the course, resulting in dismissal from the University. This dismissal will be noted on the student's transcript. For foreign students who are on a university-sponsored visa (e.g. F-1, J-1 or J-2), dismissal also results in the revocation of their visa.

To help enforce the SPP policy on plagiarism, all written work submitted in partial fulfillment of course or degree requirements must be available in electronic form so that it can be compared with electronic databases, as well as submitted to commercial services to which the School subscribes. Faculty may at any time submit student's work without prior permission from the student. Individual instructors may require that written work be submitted in electronic as well as printed form. The SPP policy on plagiarism is supplementary to the George Mason University Honor Code; it is not intended to replace it or substitute for it.