

PACIFIC RIM ECONOMIC DEVELOPMENT (ECON 410 - B1)

Winter 2015-2016, MWF, 9:00-9:50 pm, T1-105

Department of Economics

University of Alberta

Office Hours: 3:00-4:00 PM, M/W

Personal Website: <https://sites.google.com/a/ualberta.ca/yingfeng-xu/>

Course Website: <https://eclass.srv.ualberta.ca/course/view.php?id=28249>

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Tory 7-24

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Prerequisites

The formal prerequisite is Econ 281 or consent of Department. But in addition, students are expected to know how to use MS-Excel. Econ 299 is strongly recommended.

Past or representative evaluative course material

Available at the eClass Course site.

Additional mandatory instructional fees

None.

Course description and objectives:

The focus of this year's course is on a select group of Asian economies: China, South Korea, Thailand and India. They all have achieved stellar economic growth in recent years. We will discuss theoretical and policy issues regarding the rise of these economies and the related regional economic issues. In particular, emphasis is given to develop the capacity of students to apply economic theories to policy issues of economic development and relate theories to empirical facts.

Coursework and grading

- | | |
|----------------------------------|-----|
| • 2 quizzes (randomly scheduled) | 5% |
| • Term paper, due on April 5 | 30% |
| • Midterm exam on February 17 | 25% |
| • Final examination (2 hours) | 40% |

You should submit your paper by emailing me an e-copy, Google doc/Word/pdf, by the midnight of April 1. The file should be named as follows: FirstName LastName - ECON 410. Unless there are exceptional exigencies that warrant a legitimate waiver, late submissions are penalized as follows: 10% deduction of marks for each day in the next five working days (excluding weekend days) and no credits thereafter.

Term paper instruction

Choose either of the following two topics:

One option is to review the growth performance of either China or India. In particular, you should:

1. follow the APA style strictly;

2. prepare a chart displaying both the level and growth of GDP per worker;
3. organize your discussion around the explanation of this chart;
4. explain what kind of economic reform has been carried out;
5. explain the role of investment;
6. explain the role of human capital accumulation;
7. discuss the role of trade expansion;
8. analyze the role of urbanization.

The other option is to review the financial crisis experience of either Thailand or South Korea. In particular, you should:

1. follow the APA style strictly;
2. prepare a chart displaying the dollar exchange rate three years before and after 1997/2008 financial crises (7 years all together) and another chart displaying the current-account balance as a ratio to GDP in the same manner as the exchange rate;
3. discuss economic growth before 1996;
4. discuss capital inflow before the crisis and outflow after the crisis;
5. discuss the exchange rate regime;
6. discuss domestic credit supply and asset price boom and bust;
7. explain and compare what happened during the Asian crisis in 1997 and their economic performance in response to the 2008 global financial crisis.

You are expected to recapture what is covered in my lectures. You also need to expand the substance of your paper with your own research. You need to consult, at least, three additional academic references, especially journal articles and their equivalent. A significant positive factor for demonstrating your knowledge and scholarship would be to annotate your bibliography, summarizing the contents and arguments of the sources you have used for your paper.

Other requirements are:

- Follow the [APA citation style](#) strictly.
- Be free of grammatical errors.
- The paper must be typed and double-spaced. The font size should be no smaller than 10 points and no bigger than 12 points.
- There is a title page that has a title, your name and ID and it is followed by a page with an abstract.
- The main text body should have minimum four and maximum five pages, excluding the title page, reference pages, and tables and figures pages.
- The help for writing term papers can be found at: <http://guides.library.ualberta.ca/content.php?pid=57725&sid=1857812>.

Grading

Marks for assignments, tests, and exams are given in percentages, to which letter grades are also assigned according to the following table.

Percentage – letter grade conversion

| Letter | % | Pts |
|--------|----------------------------|-----|
| A+ | $99.99 \leq x \leq 100.00$ | 4.0 |

| | | |
|----|------------------------|-----|
| A | $93.00 \leq x < 99.98$ | 4.0 |
| A- | $90.00 \leq x < 92.99$ | 3.7 |
| B+ | $87.00 \leq x < 89.99$ | 3.3 |
| B | $83.00 \leq x < 86.99$ | 3.0 |
| B- | $80.00 \leq x < 82.99$ | 2.7 |
| C+ | $77.00 \leq x < 79.99$ | 2.3 |
| C | $73.00 \leq x < 76.99$ | 2.0 |
| C- | $70.00 \leq x < 72.99$ | 1.7 |
| D+ | $67.00 \leq x < 69.99$ | 1.3 |
| D | $60.00 \leq x < 66.99$ | 1.0 |
| F | $0 \leq x < 59.99$ | 0.0 |

Readings and data

Asian Development Bank, *Key Indicators for Asia and the Pacific 2016* at:

<https://www.adb.org/publications/key-indicators-asia-and-pacific-2016>.

Perkins, D. H. (2013). *East Asian development : foundations and strategies*: Cambridge, Massachusetts : Harvard University Press. [The U of A library internet access](#).

World Bank. (1993). *The East Asian Miracle : Economic Growth and Public Policy*. New York, Oxford University Press.

World Bank (2010). *An East Asian Renaissance*. Washington, DC, World Bank.

Topics and schedule

1. East Asian miracle (Jan 11 – 16)

Asian Development Bank, *Key Indicators for Asia and the Pacific 2015* at:

<http://www.adb.org/sites/default/files/publication/175162/ki2015.pdf>.

World Bank (2010). *Overview: the unfolding of a renaissance*. Chapter 1 in World Bank. (2010). *An East Asian Renaissance* Retrieved from

<http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/EASTASIAPACIFICEXT/0,,contentMDK:21056110~pagePK:146736~piPK:146830~theSitePK:226301,00.html>.

World Bank. (2014). *Purchasing Power Parities and Real Expenditures of World Economies Summary of Results and Findings of the 2011 International Comparison Program*.

2. Trade and industrial policy (Jan 18 – 23)

Daly, M. (2011). *Evolution of Asia's Outward-Looking Economic Policies: Some Lessons from Trade Policy Reviews*. Staff Working Paper ERSD-2011-12.

Bosworth, B., & Collins, S. M. (2008). [Accounting for Growth: Comparing China and India](#). *Journal of Economic Perspectives*, 22, 45-66.

3. Saving and investment (Jan 25 – 30)

Basu, K., & Maertens, A. (2007). [The Pattern and Causes of Economic Growth in India](#). Oxford

Review of Economic Policy, 23(2), 143-167. doi: 10.1093/oxrep/grm012.

4. Financial sector development (Feb 1 – 6)

World Bank. (2012). Global financial development report 2013. Retrieved from <http://econ.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTGLOBALFINREPORT/0,,contentMDK:23267383~pagePK:64168182~piPK:64168060~theSitePK:8816097,00.html>.

5. Macroeconomic policy (Feb 8 – 10)

Obstfeld, M. (2013). Never Say Never: Commentary on a Policymaker's Reflections. the 14th Jacques Polak Annual Research Conference. Washington, DC.

6. Labor market and income distribution (Feb 13 – 15)

Betcherman, G. (2012). Labor Market Institutions: A Review of the Literature. World Bank Policy Research Working Paper No. 6276. Retrieved from <http://ssrn.com/abstract=2181285>.

7. The Asian financial crisis (Feb 27 – Mar 6)

Krugman, P. (1994). The Myth of Asia's Miracle. *Foreign Affairs*, 73(6), 62-78.

World Bank. (2000). *East Asia : recovery and beyond*. Washington, DC: World Bank.

8. Domestic factors (Mar 8 – 13)

The Economist. (2014, March 15). The countries where politically connected businessmen are most likely to prosper. *The Economist*.

The Economist. (2012, Jan 19). Special report: state capitalism. *The Economist*.

Chapter 3 of Perkins, DH (2013).

9. External factors (Mar 15 – 20)

Soyoung Kim, Sunghyun H. Kim, & Yunjong Wang. (2009). [Fear of floating in East Asia?](#) *Pacific Economic Review*, 14(2), 176-193.

IMF. (2014). Global liquidity: issues for surveillance. IMF Policy Paper.

The Economist. (2010, Feb 18). Capital controls: Fundamental questions. *The Economist*.

Retrieved from

http://www.economist.com/login.ezproxy.library.ualberta.ca/opinion/displaystory.cfm?story_id=15546440.

Xu, Y. (2012). [Where does the current international monetary system fail? - evidence from deviations from purchasing power parity](#). Paper presented at the on the reform of the international monetary system and the internationalization of the renminbi, Shanghai.

10. Regional integration (Mar 22 – 27)

Kawai, M. (2015). From the Chiang Mai Initiative to an Asian Monetary Fund. ADBI Working Paper 527. doi: <http://dx.doi.org/10.2139/ssrn.2620193>.

Krumm, K. L., & Kharas, H. J. (2004). *East Asia integrates a trade policy agenda for shared growth*. New York: World Bank.

11. Global financial crisis of 2008 and reform of the IMS (Mar 29 – Apr 3)

12. Reassessing the East Asian model (Apr 5 – 10)

Li, YF & Zhang, B. (2008). [Development Path of China and India and the Challenges for their Sustainable Growth](#). *World Economy*, 31(10), 1277-1291.

McKingsley Global Institute. (2013). [Beyond Korean style: Shaping a new growth formula](#).

Li, Y., & Zhang, B. (2008). Development Path of China and India and the Challenges for their Sustainable Growth. *World Economy*, 31(10), 1277-1291.

Rodrik, D. (2010). Diagnostics before Prescription. *Journal of Economic Perspectives*, 24(3), 33-44. doi: <http://www.aeaweb.org/jep/>.

Stiglitz, J. E. and S. Yusuf (2001). *Rethinking the East Asia miracle*. Washington, D.C. New York, World Bank; Oxford University Press.

Required notes

“Policy about course outlines can be found in Section 23.4(2) of the University Calendar.”

Academic integrity

“The University of Alberta is committed to the highest standards of academic integrity and honesty. Students are expected to be familiar with these standards regarding academic honesty and to uphold the policies of the University in this respect. Students are particularly urged to familiarize themselves with the provisions of the Code of Student Behaviour (online at <http://www.governance.ualberta.ca/en/CodeofConductandResidenceCommunityStandards/CodeofStudentBehaviour.aspx>) and avoid any behaviour that could potentially result in suspicions of cheating, plagiarism, misrepresentation of facts and/or participation in an offence. Academic dishonesty is a serious offence and can result in suspension or expulsion from the University.”

Learning and working environment

The Faculty of Arts is committed to ensuring that all students, faculty and staff are able to work and study in an environment that is safe and free from discrimination and harassment. It does not tolerate behaviour that undermines that environment. The department urges anyone who feels that this policy is being violated to:

- Discuss the matter with the person whose behaviour is causing concern; or
- If that discussion is unsatisfactory, or there is concern that direct discussion is inappropriate or threatening, discuss it with the Chair of the Department.

For additional advice or assistance regarding this policy you may contact the student ombudservice: (<http://www.ombudservice.ualberta.ca/>). Information about the University of Alberta Discrimination and Harassment Policy and Procedures is described in UAPPOL at <https://policiesonline.ualberta.ca/PoliciesProcedures/Pages/DispPol.aspx?PID=110> .

Academic honesty

All students should consult the information provided by the [Office of Judicial Affairs](#) regarding

avoiding cheating and plagiarism in particular and academic dishonesty in general (see the [Academic Integrity Undergraduate Handbook](#) and [Information for Students](#)). If in doubt about what is permitted in this class, ask the instructor.

Students involved in language courses and translation courses should be aware that on-line “translation engines” produce very dubious and unreliable “translations.” Students in language courses should be aware that, while seeking the advice of native or expert speakers is often helpful, excessive editorial and creative help in assignments is considered a form of “cheating” that violates the code of student conduct with dire consequences.

An instructor or coordinator who is convinced that a student has handed in work that he or she could not possibly reproduce without outside assistance is obliged, out of consideration of fairness to other students, to report the case to the Associate Dean of the Faculty. See the [Academic Discipline Process](#).

Recording of lectures

Audio or video recording of lectures, labs, seminars or any other teaching environment by students is allowed only with the prior written consent of the instructor or as a part of an approved accommodation plan. Recorded material is to be used solely for personal study, and is not to be used or distributed for any other purpose without prior written consent from the instructor.

Attendance, absences, and missed grade components

Regular attendance is essential for optimal performance in any course. In cases of potentially excusable absences due to illness or domestic affliction, notify your instructor by e-mail within two days. Regarding absences that may be excusable and procedures for addressing course components missed as a result, consult sections [23.3\(1\)](#) and [23.5.6](#) of the University Calendar. Be aware that unexcused absences will result in partial or total loss of the grade for the “attendance and participation” component(s) of a course, as well as for any assignments that are not handed-in or completed as a result.

Policy for late assignments

The penalty for late submission is 10% for each business day in the first following week. Thereafter, it will not be accepted. There is no makeup for missed quiz.

Specialized support & disability services

If you have special needs that could affect your performance in this class, please let me know during the first week of the term so that appropriate arrangements can be made. If you are not already registered with Specialized Support & Disability Services, contact their office immediately (2-800 SUB; Email ssdsrec@ualberta.ca; Email; phone 780-492-3381; WEB www.ssds.ualberta.ca).

Date of deferred final examination

One week from the final exam date.