

HURON UNIVERSITY COLLEGE

ECONOMICS 2114G ASIAN ECONOMIES

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| Professor: | Daniel Xu | Class Schedule |
| Office: | A207 | Tuesday 7:00-10:00pm |
| Phone: | 438-7224 ext.296 | V214 |
| Office Hours: | M. W. 9:30 - 11:30 or by appointment | January 2010 |

From 1965 to 1996 the twenty-three economies of East Asia grew faster than all other regions of the world. Most of this achievement is attributable to seemingly miraculous growth in China and eight other economies: Japan, the "Four Tigers" - Hong Kong, Korea, Singapore and Taiwan; and the three newly industrialising economies (NIES) of Southeast Asia - Indonesia, Malaysia and Thailand. The success of many of the economies in East Asia in achieving rapid and equitable growth, often in the context of activist public policies, raises complex questions about the relationship between government, the private sector and the market. However, since July 1997, many Asian countries, including Thailand, Malaysia, Indonesia, Philippine and Korea have experienced a currency crisis. The exchange rates of the above countries have been significantly devalued, many firms and banks have gone bankrupt, unemployment rate have risen to historical highs and inflation rates have been dramatically. Is this the end of the Asian miracle?

It is interesting to note that after two years of recession in East Asia, almost all the countries in this region are rising again. In the wake of that sudden onslaught on the economies of East Asia, many new questions have come to the fore and are waiting for the right answers. How could the Asian countries have become so weak as to totally succumb to the financial crisis? What policy measures have the affected countries taken to combat the crisis and how effective have they been? As for the argument of "hands-off policy" versus "government intervention", which approach was more appropriate for curbing the expansion of the crisis? What are the policy implications of resolving the crisis?

The objective of this course is to study the reasons for the East Asian miracle and the causes of the current currency crisis. We will examine the successes and failures of government economic policies in the process of economic growth in the region.

Because China is the largest potential market in the world the course will discuss the major characteristics of China's economic reform and its high-speed economic growth.

Assessment

Assessment in the course will be based on a paper analysing an economic issue in the Asian economies (30% of the final grade), class participation (10%) and a Final Exam (worth the remaining 60%). The length of the paper should not be less than 12 pages and is due March 30, 2010. A late penalty of 2% per day will be applied to all late papers. The Registrar will schedule the date for the Final Exam in the final examination period.

Literature

Economic discussion of the Asian development is blossoming. All students should read the required text, but secondary references are also expected for submitted work. Students should also consult *The Economist* for current data, country reports and economic news.

Required texts

Tzong-shian Yu and Dianqing Xu
From Crisis to Recovery, East Asia Rising Again?
 World Scientific Publishing, 2001

References:

Lin Justin, Fang Cai, Zhou Li
The China Miracle: Development Strategy and Economic Reform
 Chinese University Press, Hong Kong, 1996

World Bank
East Asian Miracle: Economic Growth and Public Policies
 World Bank Policy Research Reports, 1993

Bell M. and others,
China at the Threshold of a Market Economy
 International Monetary Fund, Occasional paper 107, 1993

The Titan Stirs - China Survey
 The Economist, November 28, 1992

Xu, D.,
 "Price Distortion in the Transition Process: a CGE Analysis of China's Case" *Economic Planning*,
 26: 161-182, 1992.

Xu, D.,
 "The Chasm in the Transition: a CGE Analysis of China's Case"
Journal of Policy Modelling, 1996.

Course Outline

Part 1. High Performance of Chinese Economy

- (1)The Second Largest Economy in the World (Ch.1 in Lin)
 Can we trust the data?
- (2) Agricultural Development in China. (Ch.2 and Ch.4 in Lin)

- Where is the potential wheat market for Canadian farmers?
- (3) Growth in the Chinese Industrial Sectors (Ch.7 in Lin)
How to save the state owned enterprises in China?
 - (4) The Strategies of Economic Reform (Ch.7 in Lin and Xu, 1996)
Big bang or gradualist reform? Reform in China and Russia.
 - (5) Price Reform in China (Xu, 1992)
What is the correct price in the transition process?
 - (6) International Trade (Ch.9 in Lin)
Why do they open the door?

Part 2. Currency Crisis in Asia

- (1) Introduction to the Currency Crisis in Asia (Ch.1 in Yu and Xu)
- (2) Foreign exchange markets (Ch.1 in Yu and Xu)
- (3) The banking system and the currency crisis (Ch.3 in Yu and Xu)
- (4) Capital inflow in Asian countries and the "Bubble" economy (Ch.1 and Ch.3 in Yu and Xu)
- (5) Government industrial policy and large enterprises in Korea (Ch.4 in Yu and Xu)
- (6) Rent seeking and corruption (Ch.1 and Ch.3 in Yu and Xu)
- (7) The causes and the effects of the currency crisis (Ch.3 and Ch.8 in Yu and Xu)
- (8) Is China the next target of the currency crisis? (Ch.3 in Yu and Xu)
- (9) The policy of the International Monetary Fund (Ch.13 in Yu and Xu)
- (10) How can we end the currency crisis in Asia? (Ch.12 and Ch.13 in Yu and Xu)

Appendix to Course Outlines

Prerequisite Information

Students are responsible for ensuring that they have successfully completed all course prerequisites. Unless you have either the requisites for this course or written special permission from your Dean to enrol in it, you may be removed from this course and it will be deleted from your record. This decision may not be appealed. You will receive no adjustment to your fees in the event that you are dropped from a course for failing to have the necessary prerequisites.

Conduct of Students in Classes, Lectures, and Seminars

Membership in the community of Huron University College and the University of Western Ontario implies acceptance by every student of the principle of respect for the rights, responsibilities, dignity and well-being of others and a readiness to support an environment conducive to the intellectual and personal growth of all who study, work and live within it. Upon registration, students assume the responsibilities that such registration entails. The academic and social privileges granted to each student are conditional upon the fulfillment of these responsibilities.

In the classroom, students are expected to behave in a manner that supports the learning environment of others. Students can avoid any unnecessary disruption of the class by arriving in sufficient time to be seated and ready for the start of the class, by remaining silent while the professor is speaking or another student has the floor, and by taking care of personal needs prior to the start of class. If a student is late, or knows that he/she will have to leave class early, be courteous: sit in an aisle seat and enter and leave quietly.

Please see the *Code of Student Rights and Responsibilities* at:

<http://www.huronuc.ca/pdf/CodeStudentRights.pdf>

Technology

It is not appropriate to use technology (such as, but not limited to, laptops, PDAs, cell phones) in the classroom for non-classroom activities. Such activity is disruptive and is distracting to other students and to the instructor, and can inhibit learning. Students are expected to respect the classroom environment and to refrain from inappropriate use of technology and other electronic devices in class.

Academic Accommodation for Medical/Non-Medical Grounds

For UWO Policy on Accommodation for Medical Illness and a downloadable SMC see:

http://www.uwo.ca/univsec/handbook/appeals/accommodation_medical.pdf

[downloadable Student Medical Certificate (SMC): <https://studentservices.uwo.ca> under the Medical Documentation heading]

Students seeking academic accommodation on medical grounds for any missed tests, exams, participation components and/or assignments worth 10% or more of their final grade must apply to the Academic Counselling office of their home Faculty and provide documentation. Academic accommodation will be determined by the Dean's Office in consultation with the instructor.

For non-medical grounds or for medical grounds when work represents less than 10% of the

overall grade for the course, students seeking academic accommodation must apply to the Academic Counselling office of their home Faculty and provide documentation. Academic accommodation will be determined by the Dean's Office in consultation with the instructor.

Statement on Academic Offences

Scholastic offences are taken seriously and students are directed to read the appropriate policy, specifically, the definition of what constitutes a Scholastic Offence, at the following Web site: http://www.uwo.ca/univsec/handbook/appeals/scholastic_discipline_undergrad.pdf .

Plagiarism

Plagiarism is an academic offence and will be treated as such. Students who are in doubt as to the nature of this offence should consult their instructor, Department Chair or the Dean, as well as the Huron University College Statement on Plagiarism, available at the reference desk in the HUC Library and at <http://www.huronuc.on.ca/pdf/FASSonPlagiarism.pdf> . In addition, students may seek guidance from a variety of current style manuals available at the Reference Desk in the HUC Library. Information about these resources can be found at: http://www.huronuc.ca/library/research_guides_and_handouts .

Students found guilty of plagiarism will suffer consequences ranging from a grade reduction to failure in the course to expulsion from the university. In addition, a formal letter documenting the offence will be filed in the Dean's Office, and this record of the offence will be retained in the Dean's Office for the duration of the student's academic career at Huron University College.

All required papers may be subject to submission for textual similarity review to the commercial plagiarism detection software under license to the University for the detection of plagiarism. All papers submitted for such checking will be included as source documents in the reference database for the purpose of detecting plagiarism of papers subsequently submitted to the system. Use of the service is subject to the licensing agreement, currently between The University of Western Ontario and Turnitin.com.

Computer-marked multiple-choice tests and/or exams may be subject to submission for similarity review by software that will check for unusual coincidences in answer patterns that may indicate cheating.

Personal Response Systems ("clickers") may be used in some classes. If clickers are to be used in a class, it is the responsibility of the student to ensure that the device is activated and functional. Students must see their instructor if they have any concerns about whether the clicker is malfunctioning. Students must use only their own clicker. If clicker records are used to compute a portion of the course grade:

- the use of somebody else's clicker in class constitutes a scholastic offence,
- the possession of a clicker belonging to another student will be interpreted as an attempt to

commit a scholastic offence.

Policy on Special Needs

Students who require special accommodation for tests and/or other course components must make the appropriate arrangements with the Student Development Centre (SDC). Further details concerning policies and procedures may be found at:

http://www.sdc.uwo.ca/ssd/?requesting_acc

Attendance Regulations for Examinations

A student is entitled to be examined in courses in which registration is maintained, subject to the following limitations:

- 1) A student may be debarred from writing the final examination for failure to maintain satisfactory academic standing throughout the year.
- 2) Any student who, in the opinion of the instructor, is absent too frequently from class or laboratory periods in any course will be reported to the Dean of the Faculty offering the course (after due warning has been given). On the recommendation of the Department concerned, and with the permission of the Dean of that Faculty, the student will be debarred from taking the regular examination in the course. The Dean of the Faculty offering the course will communicate that decision to the Dean of the Faculty of registration.

Class Cancellations

In the event of a cancellation of class, every effort will be made to post that information on the Huron website.

Accessibility

Huron University College strives at all times to provide its goods and services in a way that respects the dignity and independence of people with disabilities. We are also committed to giving people with

disabilities the same opportunity to access our goods and services and allowing them to benefit from the same services, in the same place as, and in a similar way to, other customers. We welcome your feedback about accessibility at Huron. Information about how to provide feedback is available at:

http://www.huronuc.on.ca/about_huron/accessibility_at_huron/feedback_comments/

Program and Academic Counselling

Economics students registered at Huron who require advice about modules and courses in Economics should contact Dr. B. Murphy, Chair of the Department of Business and Economics (murphy2@uwo.ca, Room V124, ext. 246). Students should contact Debbie Chadwick or Kent Robinson, Academic Counsellor on other academic matters. See the Academic Counselling website for information on services offered.

http://www.huronuc.on.ca/faculty_arts_social_science/academic_services_centre/academic_counselling_contact_and_services/