EB 142

CHINA, INDIA, AND OTHER ASIAN ECONOMIES: A COMPARATIVE PERSPECTIVE

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I. COURSE DESCRIPTION, GOALS, THINKING GLOBALLY, AND LEARNING OUTCOMES

A. Course Description

As China’s economy has become the largest (in absolute terms) in the world, how will it continue to shape the global economy? What are the international implications of the economic rivalry between China and India (and the U.S.)? Will China become less or more authoritarian as it continues to move towards more open markets? How will Japan and South Korea fare with respect to the economic and demographic challenges ahead of them in the 21st century?

This course considers these and other related questions. It examines the features of major Asian economies in a global comparative perspective. Particular focus is placed on the economies of China, India, Japan and South Korea.

Materials relied upon for this course include books, journals and internet materials on international economics and Asian economic history and policy. Articles published by the International Monetary Fund (IMF), World Trade Organization (WTO), and World Bank are provided. Both Western and non-Western perspectives are incorporated in the class readings and discussion. One of the key sources for a Christian understanding of major Asian economies in a global context will be readings from Economic Justice in a Flat World: Christian Perspectives on Globalization.

B. Goals for This Course

What should you hope to learn from this course? EB 142 begins with an introduction and overview of the economies of East and South Asia. The course then explores the structure and features of the modern Chinese economy, and the nature and extent of Chinese economic reforms. You will find addressed the challenges facing China related to its energy and natural resource consumption, housing market ‘bubble,’ environmental quality, population policy, labor mobility and handling of refugee groups, as well as ethnic minority groups such as the Uyghurs. Particular topics included are the Chinese rural and urban poverty problem, and its
totalitarian moves under President Xi Jinping to suppress civil liberties in Hong Kong and implement ‘social credit’ monitoring for individuals and their business firms, churches, and other institutions.

Students will understand and explore India’s economic development over the past seventy-three years of its independence in light of its significant heterogeneity of ethnic groups, languages, and religions practiced. Special attention is paid to economic reforms in India, its increasing openness to foreign investment, the changing role of its caste system, the ongoing changes in its monetary system, its ‘demographic dividend’, and the challenges it faces with respect to employment and poverty.

Students will find that we analyze the economic ascent, industrial policy strategies, and human capital prospects for the Northeast Asian economies of Japan and South Korea. We compare and contrast the relative economic influence as manufacturing export and lending leaders exercised by Japan and South Korea in the international economy in recent decades. South Korea’s economy will be compared and contrasted with North Korea’s. The course also explores the characteristics of and prospects for Southeast Asian economies such as Taiwan, Indonesia, Singapore, Malaysia, and Vietnam. The economic features and performance of these economies will be analyzed comparatively with that of China, India, Japan, and South Korea.

C. Thinking Globally: Understanding Major Asian Economies in Comparative Perspective

How China, India, Japan, and South Korea became key participants in and currently shape the global economy will be a major focus of the course for class readings and lectures. Specific examples of topics discussed include the particular significance in the Asian context of economic issues such as China’s ‘trade war’ with the U.S. and its trade practices in regards to human rights, its Belt and Road Initiative (under President Xi Jinping) that is a massive cross-country infrastructure project, India’s competitive position internationally in providing information technology services, the sources and consequences of the Asian financial crisis, the economic power of multinational corporations in Asia and the practice of ‘sweatshop labor’, economic justice for labor and landholders with respect to China and India’s efforts to secure natural resources on the African continent, and the questions of income inequality related to race, age, and gender as Japan and South Korea increasingly become older societies. Asia’s trade and pollution policies and their impact on other economies in the region and other continents are
also discussed. Each of these thorny problems are part of our analysis of the economic relationships between major Asian economies and the United States, Europe, South America, Africa, and the rest of the global economy.

D. Course Learning Outcomes

Beyond the goals described above, there are specific outcomes that the course has for students. These outcomes tie into those identified for both Westmont’s General Education and the Economics and Business department program.

1. General Education: Thinking Globally
In satisfying the Thinking Globally requirement, the course employs a global perspective as an integral component in a comparative analysis of major Asian economies. You will engage in a historical, political, and cultural analysis of Asian economic institutions. This means we will critically push beyond a narrow parochial perspective in examining trade, currency crises, poverty, racial and gender discrimination, and environmental issues. To truly think globally regarding economic issues is to consider how the nature of these economic problems are similar and yet different for economies in Asia, Africa, South America, Europe and North America, and to consider how these problems impact the connections between these economies.

To grapple with these questions, we draw on historical, political, and cultural considerations for their interplay with economic institutions in Asia. Examples include the legacies of Asia’s geopolitical history of both European colonial rule and intra-Asian colonial dominance which gave rise to internal and external resistance on the continent. Why did China and Japan each end their economic isolation and enter as participants in the global economy? We examine the similarities and dissimilarities of economic reforms in China and India and their impact on cultural and social practices. How does the manner in which political economy decisions are implemented in China, the world’s largest economy in absolute terms with an authoritarian government, differ from the practices of India, the world’s largest democracy?

Students will also explore how a Christian worldview matters for evaluating the performance of major Asian economies. Open trade and protectionist policies, financial flows, and natural resource usage are considered in light of a Christian liberal arts perspective. We will apply biblical values to the task of comparing the current challenges and prospects facing these economies. As examples, concerns related to the role of caste, restrictions on the mobility of ethnic groups, urban and rural poverty, environmental pollution,
and health care for the elderly in major Asian economies are examined in relation to central biblical themes such as creation and fall, covenant and law, incarnation, the Kingdom of God, redemption, and consummation.

2. **GE Thinking Globally Learning Outcomes**
Once you have completed this course, you will be able to:
A. Analyze comparatively the economic features of major Asian economies and their connections with other economic regions in the global economy.

B. Explore and apply Christian values which speak to the economic and social challenges facing major Asian economies.

The in-class presentation and research paper will be used for assessment of these learning outcomes.

3. **Economics and Business Program Learning Outcome**
In EB 142, students apply the core elements of the principles of microeconomics and macroeconomics courses to analyzing major Asian economies. These include such central economic concepts as information and opportunity costs, incentives and comparative advantage in the institutional arrangements of the economies of China, India, Japan, and South Korea.

4. **EB Department Core Knowledge Learning Outcomes**
Once you have completed this course, you will be able to:
A. Explain how information and incentives have mattered in transforming China from an extensively centrally-planned economy to a hybrid system of markets combined with 'socialism with Chinese characteristics.'

B. Identify and explain the key economic reforms in the institutional transformation of India over the past several decades.

C. Analyze the features and particular economic policy strategies employed by the Japanese and South Korean economies.

Assessment with regard to these learning outcomes is based upon the research paper and exams.

II. **READINGS**


### III. GRADING

There are four major elements of the course grading structure:

1. **An in-class presentation on a particular Asian economy.**
   Examples include Singapore, Taiwan, Vietnam, Malaysia, Indonesia, Cambodia, Thailand, and Myanmar. The presentation will explain a particular Asian economy’s features, examine its connections to other key Asian economies, and evaluate its role in the global economy. Two key elements include:
   a. An analysis of the economy’s leading export sector and trade relationship with an economy outside of Asia (including trade agreements, currency valuations, and World Trade Organization or European Union regulations governing the trade relationship).
   b. A discussion stemming from both Asian and Western (e.g., North American, European, Latin American) sources which examine the country’s central economic institutions and policies. Further information will be provided by way of a handout.

2. **A research paper on a selected economic issue/problem for a major Asian economy.** Examples include financial markets, demographic challenges, income inequality and poverty issues, and environmental pollution. Two key elements include:
   a. Examining how the issue/problem is connected to the global economy. Examples include the manner in which air pollution in China as an economic externality affects air quality in North America; how multinational corporations shape the rights of workers, local wages, and working conditions in establishing manufacturing facilities in India; and how the provision of retirement funds for Japan’s growing elderly population impacts savings patterns and yields on investments in Europe.
   b. An evaluation of how a Christian perspective speaks to the issue/problem. Examples include a just wage and working conditions for laborers in Chinese state enterprises and the use of prison labor; fair trade regulation and Chinese protectionist practices; effective
strategies employed by Christian non-profit organizations (such as micro-financing of enterprise) to address extreme poverty in India; and the measures utilized by South Korean Christian business firms to address famine in North Korea. The recommended sources listed on pp.11-15 provide starting-points to explore these topics. Further information will be provided by way of a handout.

3. Three exams will be given. They feature short-answer, multiple-choice and essay questions. Makeup exams will be given only on the basis of notice prior to the exam of illness or emergency.

4. Participation in class and discussion sessions related is very important. Each class meeting has assigned materials which the student is expected to have read. Critical reading notes on these readings will be collected once a week and graded. Quizzes given in class are also included in the class participation grade.

   Attendance is mandatory for class and guest lectures. Three unexcused absences are allowed before a grade penalty occurs. Excused absences involve illness or college-sponsored activities.

   You are welcome to bring your computer for taking notes. However, use during class of a computer for emailing or googling non-class related topics as well as the use of a cellphone for texting is non-participation. During an exam or quiz no use of a computer or cellphone is allowed. Students are expected to abide by the Westmont College policy on academic honesty.

The various elements of the course structure will be weighted as follows:

CRITICAL READING NOTES, QUizzesES AND CLASS PARTICIPATION: 12%
EXAM I: 19%
EXAM I: 19%
IN-CLASS PRESENTATION: 12%
RESEARCH PAPER: 19%
FINAL EXAM: 19%

Grading Scale: A : 92 and above  A- : 90-91
     B+: 88-89     B : 82-87
     B-: 80-81     C+: 78-79
     C : 72-77     C- : 70-71
     D+: 68-69     D : 62-67
     D- : 60-61     F : 59 and below

Note: Friday, April 9 is the last day to withdraw from classes.
IV. ACADEMIC ACCOMODATIONS
Students who have been diagnosed with a disability (learning, physical/medical, or psychological) are strongly encouraged to contact the Disability Services office as early as possible to discuss appropriate accommodations for this course. Formal accommodations will only be granted for students whose disabilities have been verified by the Disability Services office. These accommodations may be necessary to ensure your full participation and the successful completion of this course.

For more information, contact Sheri Noble, Director of Disability Services (565-6186, snoble@westmont.edu) ; visit the website http://www.westmont.edu/offices/disability
ODS is located in Voskuyl Library rooms 310A and 311.

V. COURSE OUTLINE: TOPICS AND READINGS

UNIT I

January 11
Introduction to the Global Economy and Asian Economies
TM, Ch.1
“Who Is My Neighbor?” EJ, Ch.2

January 13  Asian Economies: Emergence of the Asian Tigers
TM, Ch.2
Paul Gregory and Robert Stuart, “The Asian Model”

January 15  Capitalism and Socialism in Comparative Analysis in Asian Economies

January 19  Overview of the Modern Chinese Economy
RF, Ch.1

January 20  Mao's Rule: Civil War, Communist Revolution, the Great Leap Forward, and the Cultural Revolution
RF, Ch.2

January 22 Deng Xiaoping and Economic Reforms: Household Responsibility, TVEs, and Special Economic Zones
Ronald Coase and Nina Wang, “Chinese Economic Reforms”
January 25
China’s Economic Transformation, Entry into the WTO, and the East Asian Miracle: SOEs, Privatization, and Doing Business in China
Innovation and the Chinese Economy
RF, Ch.3,6

January 27
Market Reform Under Chinese Socialism and China’s Industrial Policy
TM, Ch.12

January 29
The Chinese Financial System: Banking Structure, Monetary Policy, Equity Markets
S. Smith, “The International Financial System: The Good, the Bad, and the Ugly” EJ, Ch.10
RF, Ch.4

February 1
The Yuan and China’s Foreign Exchange Policy
J.P. Tiemstra, “Christian Values and the Case Against Financial Globalization” EJ, Ch.11
RF, Ch.5

February 3
Chinese Population Policy
Worker’s Rights, Ethnic Groups, Gender, and Poverty: Analyzing China in Comparative Perspective
“Poverty and Ethnicity in Asian Countries” (Asian Development Bank)
M. Novak, “Catholic Social Teaching, Markets, and the Poor” EJ, Ch.1

February 5
Hong Kong
China’s Megamarkets and a Surging Middle Class: The Middle-Income Trap?
TM, Ch.4
RF, Ch.7

February 8
The Role(s) of China in the Global Economy: Trade, Capital Flows, and Resource Acquisition in Africa
Doug Guthrie, “China in the Global Economy” RF, Ch.8
“The EU’s Defensive Approach to a Rising China”
February 10  Ecological and Energy Challenges Facing China
   The Belt and Road Initiative of Xi Jinping
   RF, Ch.9
   J.Lin et al, “China’s International Trade and Air Pollution in the United States”
   J.M.Dean, “Trade, Growth, Environment, and Poverty: Must There Be a Tradeoff?” EJ, Ch.12
   Elizabeth Economy, “The Costs of China’s Environmental Crisis: The Great Leap Backwards?”

EXAM I: February 12

UNIT II

February 17  Economic Reform and Political Change in China
   Economic Growth and Prospects for Democracy
   RF, Ch.10

February 19 Economy of Taiwan
   TM, Ch.5

February 22
   Overview of India’s Economy
   ILR, Ch.1,2
   Robyn Meredith, “India as a Leader in Economic Transformation”

February 24 The Caste System and Economic Inequality in India
   Aparna Pande, “Ancient Culture, Modern Times”

February 26 India Gains Independence: Socialism and Self-Sufficiency
   Alyssa Ayres, “India and the World”
   ILR, Ch.3

March 1 Gradualist Economic Reforms and India’s Global Participation
   Alyssa Ayres, “India’s Opening to the World”

March 3 Indian Enterprises and Global Competition
   D.Finn, “Moral Values and the Rules of International Trade” EJ, Ch.3
   TM, Ch.13
March 5  India’s Financial System and Monetary Policy
   The Rupee in Global Financial Markets
       TM, Ch.9; ILR, Ch.6-8

March 8 Labor Markets and Poverty in India
   Parth J. Shah and Renuka Sane, “India: The Elephant in the Age
   of Liberalization”
       ILR, Ch.10, Appendix

March 10  India: Demographics, Human Capital, and Economic
   Growth
       ILR, Ch.4-5, 9

March 12 Challenges to Economic Reform: The Political Economy of
   Change in the World’s Largest Democracy
   Ruchir Sharma, “No Country for Strongmen: How India’s
   Democracy Constrains Modi”
       ILR, Ch.11,12

March 22 India’s Energy Policy and International Natural Resource
   Acquisition
   M.Muralidharan, “India and Africa: Prospects for Sustainable Energy
   Cooperation”

March 24  China and India as Rivals in Global Competition
   Robyn Meredith, “A Catalyst for Competitiveness”
       ILR, Ch.13

   EXAM II: March 26

UNIT III

March 29 Japanese Economy Overview
   Hiroaki Richard Watanabe, “The Structure of the Japanese Economy”
   Income Inequality, Gender and Race Relationships in the Japanese
   Economy
   K.Yamaguchi, “Japan’s Gender Gap” (IMF Finance and Development)

March 31 Japanese Industrial Policy, the Keiretsu, and MITI
   TM, Ch.1

April 7  Japanese Bubble, Deflation, and Abenomics
   TM, Ch.8
April 9  Japan's Changing Place in the Global Economy
Dennis Botman and Joong Shik Kang, “Japan's Role in the Global Economy and Spillover Effects of Abenomics”

April 12  The Economy of Singapore
TM, Ch.3

April 14  The Malaysian Economy
TM, Ch.10

April 16  The Indonesian Economy
TM, Ch.7

April 19  The Vietnamese Economy
The Brookings Institution, “The Evolution of Vietnamese Industry”

April 21  The South Korean Economy
Seung-hun Chun, “Korea from the Trap of Poverty to a Modern Industrial State”

April 23  South Korea’s Economic Emergence: Export-Orientation and the Chaebols
TM, Ch.2

April 26  South Korea: The Asian Financial Crisis, Recovery, and Its Prospective Role in the Global Economy
TM, Ch.11

April 28  The North Korean Economy
Anders Aslund, “Prospects and Preconditions for Market Economic Transformation in North Korea”

FINAL EXAM: Tuesday, May 4  12:00-2:00 p.m.

VI. RECOMENDED SOURCES

Comparing Asian Economies

_____. Why Nations Fail: The Origins of Power, Prosperity, and


**China**


**India**
Japan

South Korea and North Korea

Asian Economies in a Historical and Global Context
For current research on the global economy and its history, *The Economic History Review* and *Journal of Economic History* (both available online through JSTOR) are valuable sources. A number of research volumes have been published which are
significant contributions to the literature on the world economy and its economic history. Among the notable works:  

For a critical explanation of China’s participation in the process of global economic growth in the sixteenth through eighteenth centuries, as well as a critique of “European exceptionalism” in the context of the great divergence/convergence of Asian and European economies, two sources are helpful among many available:

Bordo, Micheal D., Alan M. Taylor, and Jeffrey G. Williamson, eds.  

Frank, Andre Gunder. *ReOrient: Global Economy in the Asian Age*.  