

The Political Economy of East Asia

Instructor: Weiwen Yin

This syllabus is subject to change at the discretion of the instructor.

Course Overview

The rise of East Asia, particularly China, the extensive influence of East Asian countries on the global economy, and their growth strategy have triggered scholarly and policy debates. This course helps students acquire the knowledge, theories, and tools to engage in these debates. The topics we cover include historical state capacity building, contemporary development, and recent policy issues. We also highlight the political incentives of various actors. This course is not simply an introduction to the politics and economic development of East Asia. Instead, we emphasize a combination of general theories and their applications in analyzing puzzling questions in the field. Although a large proportion of the assigned readings focus on China, we will also explore the political economy of other countries in the region, such as Japan and Vietnam, and emphasize the comparison between Europe and East Asia.

Learning Outcomes:

After completing this course, students will be able to:

- ◆ Acquire a sound knowledge of theories and empirical findings in the political economy literature
- ◆ Perform a critical analysis of East Asia's economic success and setbacks using the political economy frameworks
- ◆ Formulate original research questions and conduct empirically sound research
- ◆ Master skills needed for clear oral presentation and professional academic writing

Prerequisites

Prior knowledge of the history of East Asia would be helpful but not necessary. However, a basic knowledge of statistical methods and game theory is essential to understand a large proportion of the required readings as many of them are from economics and political science. I assume students already know what is a linear regression and what is a derivative. Methodological skills beyond linear regression and derivative are not required.

Assignments and Grading

Grades in the course will be based on the following assignments

20 percent: class participation

20 percent: presentation of the readings

30 percent: two research proposals

30 percent: final exam

Class participation:

I expect that all students will read all of the assigned readings before class and participate in class discussions. In class, students are expected to have discussions on each reading in terms of the research question(s), theoretical argument, empirical design, key findings, and important weaknesses left for future research, if applicable. I will observe student participation in class and reward students who make a substantial effort. Simply attending classes is necessary, but not sufficient to receive a favorable class participation score. You can improve your score considerably by coming to class prepared. Points awarded for your class participation are at my discretion and are based solely on my opinion of your efforts and your contribution to class discussions. These points are not automatically given, but must be earned. They are not subject to negotiation.

Presentation of the readings:

Each class, the instructor will first provide an introduction to the general theory literature, the background knowledge, and a detailed explanation of methodological issues in the readings. Students will then make presentations on the application literature. At the beginning of the semester, each student is required to choose an application paper/book chapter to be presented in class. The time limit for each oral presentation is 20 minutes, followed by a 10-minute Q&A session and discussions. Presenters are required to prepare PPT slides for their presentations.

Some readings are more difficult than others. When grading your performance, I will take this into consideration. Again, points awarded for your presentation performance are at my discretion and are based solely on my opinion of your efforts. These points are not automatically given, but must be earned. They are not subject to negotiation.

Two Research Proposals

Students will write two research proposals for two of the three topics, each accounting for 15% of the final grade. The research idea must be related to the most recent topic covered in class. Thus, the proposal should be submitted right after class 5, 9, and/or 13 (due dates to be determined). The proposal needs to be framed in the relevant literature, has to lay out a theoretical argument, must derive testable hypotheses, and should briefly discuss how to evaluate the argument. Quantitative and/or qualitative methods are both accepted. However, the research proposal needs NOT actually test the hypothesis or evaluate the argument. Instead, please focus on the development of your theory, a clear presentation of your argument, and think carefully about how to frame the paper in a literature. A research proposal must not exceed 800 words and should be above 500 (including footnotes, but excluding reference list/bibliography).

The proposal must be submitted by the due date as a single pdf file. If multiple files are submitted, only the last updated file will be graded. Late proposal will be penalized by 20 percent per day, additively (rather than multiplicative, e.g., 2 days late = 40% total penalty, not 36%). In case you feel that your proposal is not graded fairly, you may submit your request for a re-grading to me by email. All requests must be made within one week of the date the graded proposal is returned in class. Requests for a re-grading must include a written description of why you feel you are entitled to a higher score. Note that your score can go up or go down, and you will receive a written reply from me explaining why changes of your score are made or not made.

Plagiarism is strictly prohibited and, at the minimum, results in a zero score for the assignment. For the definition and consequences of plagiarism, please refer to the university rules and regulations.

Final Exam

There is one closed-book final exam, scheduled in the usual class time in the last week (date to be determined). The final exam accounts for 30% of the final grade. There will be 30 multiple choice questions in the exam. The questions cover both the general theory and application literature. The purpose of the final exam is NOT to force you to memorize all the details in the readings. Instead, it is used to make sure students take the reading assignment seriously and participate in class actively. Therefore, if you have read the assigned literature, even only once, and pay attention to the main arguments, you should feel confident in your performance in the final exam.

Students are to make sure that they are available for the final exam. In principle, there is no make-up exam. Exceptions will only be granted according to university policies and will require formal verification of the reason for absence. In such exceptional cases, I will arrange for a make-up exam.

Required Texts

As we focus on cutting-edge research in the field, no textbook is required.

Most of the assigned readings can be found online either via JSTOR or through Google scholar. If you cannot find a reading, please let me know.

Accommodations

The Americans with Disabilities Act (ADA) is a federal anti-discrimination statute that provides comprehensive civil rights protection for persons with disabilities. Among other things, this legislation requires that all students with disabilities be guaranteed a learning environment that provides for reasonable accommodation of their disabilities. If you believe you have a disability requiring an accommodation, please contact XXX (to be determined).

Tentative Course Outline

The contents are subject to change at the discretion of the instructor. Any changes will be announced in class, with sufficient advance notice provided to the students.

Class 1: Course Introduction and An Overview of East Asia

There is no required reading this week. I recommend students to read the “Time Lines” and “Key Points” in the *Asia for Educators* website, an initiative of the Weatherhead East Asian Institute at Columbia University:

http://afe.easia.columbia.edu/main_pop/related/timelines.htm

Topic 1: Historical state capacity building

Puzzle: Why did modern economic growth and political representation first appeared in Europe but not

East Asia?

Class 2: The Great and Little Divergence

General theories:

- ◆ Broadberry, Stephen, Hanhui Guan, and David Daokui Li. "China, Europe, and the great divergence: a study in historical national accounting, 980–1850." *The Journal of Economic History* 78.4 (2018): 955-1000.
- ◆ Sng, Tuan-Hwee, and Chiaki Moriguchi. "Asia's little divergence: State capacity in China and Japan before 1850." *Journal of Economic Growth* 19.4 (2014): 439-470.

Applications:

- ◆ Broadberry, Stephen, and Bishnupriya Gupta. "The early modern great divergence: wages, prices and economic development in Europe and Asia, 1500–1800 1." *The Economic History Review* 59.1 (2006): 2-31.
- ◆ Ma, Debin. "State capacity and great divergence, the case of Qing China (1644–1911)." *Eurasian Geography and Economics* 54.5-6 (2013): 484-499.

Suggested readings:

- ◆ Pomeranz, Kenneth. *The great divergence: China, Europe, and the making of the modern world economy*. Vol. 28. Princeton University Press, 2009.
- ◆ Sng, Tuan-Hwee. "Size and dynastic decline: The principal-agent problem in late imperial China, 1700–1850." *Explorations in Economic History* 54 (2014): 107-127.
- ◆ Francks, Penelope. *Japan and the Great Divergence: A Short Guide*. Springer, 2016.
- ◆ Hoffman, Philip T. *Why did Europe conquer the world?*. Vol. 54. Princeton University Press, 2017.

Class 3: Representation: Why not East Asia?

General theories:

- ◆ Stasavage, David. "Representation and consent: why they arose in Europe and not elsewhere." *Annual Review of Political Science* 19 (2016): 145-162.
- ◆ Dincecco, Mark, and Yuhua Wang. "Violent conflict and political development over the long run: China versus Europe." *Annual Review of Political Science* 21 (2018): 341-358.

Applications:

- ◆ Ahmed, Ali and David Stasavage. "Origins of Early Democracy." Working paper.
- ◆ Kiser, Edgar, and Yong Cai. "War and bureaucratization in Qin China: Exploring an anomalous case." *American Sociological Review* (2003): 511-539.

Suggested readings:

- ◆ Zhao, Dingxin. "Comment on Kiser and Cai, ASR, August 2003: Spurious Causation in a Historical Process: War and Bureaucratization in Early China." *American Sociological Review* 69.4 (2004): 603-607.

Class 4: Is It really (all) about Geography?

General theories:

- ◆ Ko, Chiu Yu, and Tuan-Hwee Sng. "Regional dependence and political centralization in imperial China." *Eurasian Geography and Economics* 54.5-6 (2013): 470-483.
- ◆ Ko, Chiu Yu, Mark Koyama, and Tuan-Hwee Sng. "Unified china and divided Europe."

International Economic Review 59.1 (2018): 285-327.

Applications:

- ◆ Hui, Victoria Tin-bor. "Toward a dynamic theory of international politics: Insights from comparing ancient China and early modern Europe." *International Organization* 58.1 (2004): 175-205.
- ◆ Sng, Tuan Hwee, et al. "Are China's provincial boundaries misaligned?." *Applied Geography* 98 (2018): 52-65.

Suggested readings:

- ◆ Hui, Victoria Tin-bor. *War and state formation in ancient China and early modern Europe*. Cambridge University Press, 2005.
- ◆ Koyama, Mark, Chiaki Moriguchi, and Tuan-Hwee Sng. "Geopolitics and Asia's little divergence: State building in China and Japan after 1850." *Journal of Economic Behavior & Organization* 155 (2018): 178-204.

Class 5: Does History really Matter?

General theories:

- ◆ Nunn, Nathan. "The importance of history for economic development." *Annu. Rev. Econ.* 1.1 (2009): 65-92.

Applications:

- ◆ Jia, Ruixue. "The legacies of forced freedom: China's treaty ports." *Review of Economics and Statistics* 96.4 (2014): 596-608.
- ◆ Dell, Melissa, Nathan Lane, and Pablo Querubin. "The historical state, local collective action, and economic development in Vietnam." *Econometrica* 86.6 (2018): 2083-2121.
- ◆ Paik, Christopher, and Jessica Vechbanyongratana. "Path to Centralization and Development: Evidence from Siam." *World Politics* 71.2 (2019): 289-331.

Suggested readings:

- ◆ Ma, Debin. *Law and long-term economic change: a Eurasian perspective*. Stanford University Press, 2011.

Topic 2: Contemporary Development

Puzzle: Why did (some) East Asian countries catch up as a late developer?

Class 6: Development Strategies:

General theories:

- ◆ Gourevitch, Peter. "The second image reversed: the international sources of domestic politics." *International organization* 32.4 (1978): 881-912.
- ◆ Rodrik, Dani. "The Past, Present, and Future of Economic Growth." *Challenge* 57.3 (2014): 5-39.

Applications:

- ◆ Fan, Jingting and Ben Zou. "Industrialization from Scratch: The Persistent Effects of China's 'Third Front' Movement". Working paper.
- ◆ Kung, James Kai-Sing, and Shuo Chen. "The tragedy of the nomenklatura: Career incentives and political radicalism during China's Great Leap famine." *American Political Science Review*

105.1 (2011): 27-45.

Suggested readings:

- ◆ Naughton, Barry J. *The Chinese economy: Transitions and growth*. MIT press, 2006.

Class 7: Domestic Institutions

General theories:

- ◆ Qian, Yingyi, and Barry R. Weingast. "Federalism as a commitment to reserving market incentives." *Journal of Economic perspectives* 11.4 (1997): 83-92.
- ◆ Cai, Hongbin, and Daniel Treisman. "Did government decentralization cause China's economic miracle?." *World politics* 58.4 (2006): 505-535.

Applications:

- ◆ Shih, Victor, Christopher Adolph, and Mingxing Liu. "Getting ahead in the communist party: explaining the advancement of central committee members in China." *American Political Science Review* 106.1 (2012): 166-187.
- ◆ Wang, Yuhua. *Tying the Autocrat's Hands: The Rise of The Rule of Law in China*. Cambridge University Press, 2015. Chapter 1-2.
- ◆ Jiang, Junyan. "Making bureaucracy work: Patronage networks, performance incentives, and economic development in China." *American Journal of Political Science* 62.4 (2018): 982-999.

Suggested readings:

- ◆ North, Douglass C., and Barry R. Weingast. "Constitutions and commitment: the evolution of institutions governing public choice in seventeenth-century England." *The Journal of Economic History* 49.4 (1989): 803-832.
- ◆ Acemoglu, Daron, Simon Johnson, and James A. Robinson. "The colonial origins of comparative development: An empirical investigation." *American economic review* 91.5 (2001): 1369-1401.

Class 8: International Institutions I (property rights institutions)

General theories:

- ◆ Kerner, Andrew. "Why Should I Believe You? The Costs and Consequences of Bilateral Investment Treaties." *International Studies Quarterly* 53.1 (2009): 73-102.
- ◆ Allee, Todd, and Clint Peinhardt. "Contingent Credibility: The Impact of Investment Treaty Violations on Foreign Direct Investment." *International Organization* 65.3 (2011): 401-432.

Applications:

- ◆ Chen, Jia, and Fangjin Ye. "Costly Benefits: Regime Time Horizon and Investment Treaty Formation in Autocratic Regimes." Working paper.
- ◆ Han, Donglin, Zhaoyuan Chen, and Ye Tian. "To Sign or Not to Sign: Explaining the Formation of China's Bilateral Investment Treaties." *International Relations of the Asia-Pacific* (2019).
- ◆ Zhu, Boliang. "MNCs, rents, and corruption: Evidence from China." *American Journal of Political Science* 61.1 (2017): 84-99.

Class 9: International Institutions II (contracting institutions)

General theories:

- ◆ Milgrom, Paul R., Douglass C. North, and Barry R. Weingast.. "The role of institutions in the revival of trade: The law merchant, private judges, and the champagne fairs." *Economics &*

Politics 2.1 (1990): 1-23.

- ◆ Nunn, Nathan. "Relationship-specificity, incomplete contracts, and the pattern of trade." *The Quarterly Journal of Economics* 122.2 (2007): 569-600.

Applications:

- ◆ Wang, Yongjin, Yanling Wang, and Kunwang Li. "Judicial quality, contract intensity and exports: Firm-level evidence." *China Economic Review* 31 (2014): 32-42.
- ◆ Okazaki, Tetsuji. "The role of the merchant coalition in pre-modern Japanese economic development: an historical institutional analysis." *Explorations in Economic History* 42.2 (2005): 184-201.

Suggested readings:

- ◆ Hale, Thomas. *Between Interests and Law*. Cambridge University Press, 2015.
- ◆ Acemoglu, Daron, and Simon Johnson. "Unbundling institutions." *Journal of political Economy* 113.5 (2005): 949-995.
- ◆ Ogilvie, Sheilagh, and André W. Carus. "Institutions and economic growth in historical perspective." *Handbook of Economic Growth*. Vol. 2. Elsevier, 2014. 403-513.

Topic 3: Recent Policy Issues

Puzzles: What are the political and economic implications of the rise of East Asia?

Class 10: On Vietnam

General theories:

- ◆ Kang, David C., et al. "War, Rebellion, and Intervention under Hierarchy: Vietnam–China Relations, 1365 to 1841." *Journal of Conflict Resolution* 63.4 (2019): 896-922.
- ◆ Malesky, Edmund, Regina Abrami, and Yu Zheng. "Institutions and inequality in single-party regimes: A comparative analysis of Vietnam and China." *Comparative Politics* 43.4 (2011): 409-427.

Applications:

- ◆ Malesky, Edmund J. "Straight Ahead on Red: How Foreign Direct Investment Empowers Subnational Leaders." *The Journal of Politics* 70.1 (2008): 97-119.
- ◆ Malesky, Edmund, and Paul Schuler. "Nodding or needling: Analyzing delegate responsiveness in an authoritarian parliament." *American Political Science Review* 104.3 (2010): 482-502.

Class 11: China's Economic Statecraft

General theories:

- ◆ Norris, William J. *Chinese economic statecraft: Commercial actors, grand strategy, and state control*. Cornell University Press, 2016. Part I.

Applications:

- ◆ Bader, Julia. "China, autocratic patron? An empirical investigation of China as a factor in autocratic survival." *International Studies Quarterly* 59.1 (2015): 23-33.
- ◆ Liao, Steven, and Daniel McDowell. "No reservations: International order and demand for the renminbi as a reserve currency." *International Studies Quarterly* 60.2 (2016): 272-293.
- ◆ Broz, J. Lawrence, Zhiwen Zhang, and Gaoyang Wang. "Explaining Foreign Support for China's Global Economic Leadership." *International Organization*, Forthcoming (2019).

Class 12: The Belt & Road Initiative

General Theories:

- ◆ Huang, Yiping. "Understanding China's Belt & Road Initiative: Motivation, Framework and Assessment." *China Economic Review* 40 (2016): 314-321.
- ◆ Cheng, Leonard K. "Three Questions on China's 'Belt and Road Initiative'." *China Economic Review* 40 (2016): 309-313.

Applications:

- ◆ Du, Julan, and Yifei Zhang. "Does One Belt One Road Initiative Promote Chinese Overseas Direct Investment?." *China Economic Review* 47 (2018): 189-205.
- ◆ Zhai, Fan. "China's Belt and Road Initiative: A Preliminary Quantitative Assessment." *Journal of Asian Economics* 55 (2018): 84-92.
- ◆ Asongu, Simplice A., and Gilbert AA Aminkeng. "The economic consequences of China–Africa relations: debunking myths in the debate." *Journal of Chinese Economic and Business Studies* 11.4 (2013): 261-277.

Class 13: Review and Preparation for Final Exam

Class 14: Final Exam