

**Government 4194  
Asian Political Economy  
Fall 2017**

**Professor Thomas Pepinsky**  
[pepinsky@cornell.edu](mailto:pepinsky@cornell.edu)

Class Time  
Tuesday  
10:10 – 12:35  
Uris Hall 302

Office Hours  
Monday 1:00 – 3:30  
Thursday 10:30 – 12:00  
White Hall 322  
Sign up at [calendly.com/thomas-pepinsky](https://calendly.com/thomas-pepinsky)

Overview

This seminar is an advanced introduction to the political economy of contemporary East, Southeast, and South Asia. Our central objective is to understand the political underpinnings of economic performance across countries and over time. Along the way, we will address issues such as the role of the state in economic development, corruption and rent-seeking, labor activism and repression, democracy, political institutions, reform and adjustment.

Course Goals

This course fulfills the Government department's Major Seminar requirement, and as such, should form the capstone of an undergraduate Government major. By the end of the course, I expect that students will have a firm grasp on the basic debates about politics and economic performance in Asia. Students will be able to evaluate critically various theoretical explanations for why particular countries have grown or stagnated, and will understand how to examine the internal logic of these explanations using careful empirical methods.

Requirements

*Prerequisites:* Enrollment is at the instructor's discretion, and priority will be given to juniors and seniors majoring in Government. Students must have successfully completed at least one 3000-level course in the Government department. Students who have not yet fulfilled this requirement must meet with the instructor to discuss their background and preparation. Graduate students may enroll in the course only if there is sufficient enrollment space.

*Class Format:* The class is a seminar meeting once a week. Course enrollment is strictly capped at 15 students. Attendance is mandatory, and class participation comprises a significant

proportion of the final course grade. Students should arrive to each class already having done the readings for that class, and afterwards, review the readings in the context of the class discussion. The course requires a substantial amount of reading outside of class: on average, you can expect 200 pages of reading per week. You should not enroll in this course if you do not anticipate being able to complete this much reading, and your class participation grade (see below) will depend on your ability to demonstrate to me in class that you have completed the reading and that you understand it.

Class attendance and readings are not substitutes. Aside from the first class meeting, there will be no formal lectures.

*Assignments and Grading:* Your final grade is composed of the following parts.

Class participation:	20%
Presentations (2):	20% each
Final paper:	40%

Class participation grades will be assigned based on attendance, preparation, and contributions to class discussion. Each student, moreover, is responsible for leading two (2) class discussions during the semester. Each discussion leader will prepare his or her own discussion memo, and memos will be graded on an individual basis. Discussion leaders are also responsible for updating the course wiki for the topics that they cover, and will be graded on that basis. Presentation grades will encompass the five-page discussion memos, discussion leadership, and the course wiki.

The final paper is a 20-25 page research paper due on December 7 at 4:30pm. The assignment is to choose two countries, one of which may be a non-Asian country, and to use them argue how variation in one of the topics that we cover in class (i.e., the developmental state, corruption, political institutions, decentralization) explains why the countries differ with respect to either (a) their long-term economic trajectories or (b) their short-term growth outcomes in response to some common economic challenge.

### Course Policies

*Late Assignments:* Please consult the syllabus for information about the due dates for your assignments. These dates are firm: extensions will only be given in the case of sickness (requiring a doctor's note), family emergency (requiring a Dean's note), or religious observance (requiring prior approval from the instructor). Late papers will lose one full letter grade. Papers later than 24 hours will receive a grade of 0/100. There are no exceptions.

*Grade Appeals:* Any student who believes that a grade does not reflect his or her performance can always dispute his or her grade. All grade appeals should be made in writing. A student disputing a grade must write a brief memo explaining why he or she should have received a higher grade on that assignment. This must be done in a week after the grade is announced, and submitted after class or in office hours. I will respond in writing.

*Cheating and Plagiarism:* Each student in this course is expected to abide by the Cornell University Code of Academic Integrity. Any work submitted by a student in this course for academic credit will be the student's own work. Students are strictly forbidden from buying or selling course materials. Cheating and plagiarism will be treated according to Cornell University regulations, which I will strictly observe. The penalty for violating the Code of Academic Integrity is an F for the assignment.

Some resources on plagiarism and academic integrity at Cornell:

- An overview: <http://digitalliteracy.cornell.edu/tutorial/dpl3320.html>
- Tutorial: <http://plagiarism.arts.cornell.edu/tutorial/index.cfm>
- The Code of Academic Integrity: <http://cuinfo.cornell.edu/aic.cfm>

For further information on how to cite materials properly, please consult Joseph Gibaldi, *MLA Handbook for Writers of Research Papers* (New York: MLA).

In this course, we will be using Turnitin.com software. I will submit electronic versions of your final essay to Turnitin.com, which in turn produces an "originality report." This report shows the writer and teacher the results of Turnitin.com's comparison of the essay to content on the Web, to Turnitin.com's database of student writing, and to some databases of common full-text journals.

By registering for the course, students agree that all required papers may be subject to submission for textual similarity review to Turnitin.com for the detection of plagiarism. All submitted papers will be included as source documents in the Turnitin.com reference database solely for the purpose of detecting plagiarism of such papers. Use of the Turnitin.com service is subject to the Usage Policy posted on the Turnitin.com site. Please note: all writing assignments (including the final paper abstract and final paper drafts, should you choose to submit them) are held to the University's Code of Student Rights, Responsibilities, and Conduct and to the department's policies on plagiarism.

*University Policies:* I respect and uphold Cornell University policies and regulations pertaining to the observation of religious holidays; assistance available to the physically handicapped, visually and or/hearing impaired student; sexual harassment; and racial or ethnic discrimination.

- *Students with Disabilities:* In compliance with the Cornell University policy and equal access laws, I am available to discuss appropriate academic accommodations that may be required for student with disabilities. Students are encouraged to register with Student Disability Services to verify their eligibility for appropriate accommodations. Students seeking accommodations should submit to me an accommodation letter from Student Disability Services within the first two weeks of the semester.
- *Religious Observances:* Students may ask for reasonable and timely accommodations for sincerely held religious beliefs. Please review the syllabus closely to determine if your religion will present any scheduling conflicts with any of the assignments. You must inform me of any conflicts within the first two weeks of the semester.

- *Classroom Behavior:* Students and faculty each have responsibility for maintaining an appropriate learning environment. Students will treat one another with respect and courtesy. I will ask disruptive students to leave the class.

*Other Policies:* Students will turn off cell phones in class. This includes text messaging. The penalty for visible text messaging or audible cell phone rings is one percentage point per offense. If this remains a problem, I reserve the right to change the policy to one percentage point per offense for the entire class.

*Office Hours:* I encourage students to see me during office hours with any questions or comments. I hold office hours for two hours every week, on Monday from 1:00 to 3:30 and Thursday from 10:30 – 12:00 in 322 White Hall. If you wish to speak with me during office hours, please sign up online at [calendly.com/thoomas-pepinsky](https://calendly.com/thoomas-pepinsky).

### Texts

Our readings will come from one book (available for purchase at the Cornell Bookstore) and a series of articles and book chapters (all of which are available at PDF files at the Blackboard course website).

BOOK: Meredith Woo-Cumings. 1999. *The Developmental State*. Ithaca: Cornell University Press. ISBN 978-0801485664.

ALL OTHER READINGS: All other readings are book chapters and articles, which I have placed on Blackboard (course ID: 15955\_2017FA\_COMBINED-CROSSLIST). You can access them all by clicking the “Readings” tab from our course homepage. You may read these articles and chapters online, or you may print them out. In the course outline below, you will find the reading assignments listed for a particular class meeting.

### Course Outline

#### **Important dates**

October 24: Final paper abstract due in class  
 November 28: In-class “mini-seminar” on final paper topic  
 December 7: Final paper due

#### **August 22: Introduction and housekeeping**

#### **August 29: Economic Performance**

Our first set of readings asks how much Asia has grown since WWII, whether it is normal, and whether it is sustainable.

- **The World Bank.** 1993. *The East Asian Miracle: Economic Growth and Public Policy.* Washington, DC: The World Bank. pp. 1-26, 79-103.
- Paul **Krugman.** 1994. "The Myth of Asia's Miracle." *Foreign Affairs* 73(6), 62-78.
- Robert W. **Fogel.** 2009. "The Impact of the Asian Miracle on the Theory of Economic Growth." NBER Working Paper 14967. *You may skip (or skim) pp. 24-31.*
- Jene K. **Kwon** and Jung Mo **Kang.** 2011. "The East Asian model of economic development." *Asia Pacific Economic Literature* 25(2), 116-30.

## September 5: The Developmental State (1): Logic and Outcomes

The developmental state has historically been the dominant paradigm for explaining long-run economic growth in Asia. These readings ask what the developmental state is, offer friendly critiques of its explanatory power, and contrast it with some alternative modes of economic organization. These readings focus primarily on Japan, South Korea, and Taiwan.

- Chalmers **Johnson** (chapter 2) in *The Developmental State.*
- Robert **Wade.** 1990. *Governing the Market: Economic Theory and the Role of Government in East Asian Industrialization.* Princeton: Princeton University Press. pp. 195-255.
- Ha-Joon **Chang** (chapter 6) in *The Developmental State.*
- Juhana **Vartiainen** (chapter 7) in *The Developmental State.*
- Peter B. **Evans.** 1989. "Predatory, Developmental, and Other Apparatuses: A Comparative Political Economy Perspective on the Third World State." *Sociological Forum* 4(4), 561-584.

## September 12: The Developmental State (2): Origins and Absences

These readings continue our discussion of the developmental state. Where does the developmental state come from, and if it is so successful, why doesn't every country have one? These readings bring the Northeast Asian cases into conversation with China, India, and Southeast Asia.

- Ronald J. **Herring** (chapter 10) in *The Developmental State.*
- Atul **Kohli.** 2004. *State-Directed Development: Political Power and Industrialization in the Global Periphery.* New York: Cambridge University Press. pp. 1-24.
- Richard F. **Doner**, Bryan K. **Ritchie**, and Dan **Slater.** 2005. "Systemic Vulnerability and the Origins of Developmental States: Northeast and Southeast Asia in Comparative Perspective." *International Organization* 59(2), 327-361.
- Lynette H. **Ong.** 2012. "Between Developmental and Clientelist States: Local State-Business Relationships in China." *Comparative Politics* 44(2), 191-209.

## September 19: Governments, Bureaucrats, and Firms

These readings examine more closely the relationships between governments, bureaucrats, and firms in developmental and other types of states.

- J. Mark **Ramseyer** and Frances McCall **Rosenbluth.** 1993. *Japan's Political Marketplace.* Cambridge: Harvard University Press. pp. 99-141.
- Richard **Whitley.** 1999. *Divergent Capitalisms: The Social Structuring and Change of Business Systems.* New York: Oxford University Press. pp. 139-208.
- **Yoshihara** Kunio. 1988. *The Rise of Ersatz Capitalism in South-East Asia.* New York: Oxford University Press. pp. 5-67.

- Yue **Hou**. 2017. “Participating for Protection: Legislatures, Private Entrepreneurs, and Property Security in China.” Working paper, University of Pennsylvania.

## September 26: Rents and Rent-Seeking

Government intervention creates “rents.” These readings explore the origins and consequences of rents and rent-seeking; they also suggest the dark side of government-business relations which we will discuss the subsequent week.

- Mushtaq H. **Khan**. 2000. “Rents, Efficiency and Growth.” In *Rents, Rent-Seeking, and Economic Development: Theory and Evidence in Asia*, eds. Mushtaq H. **Khan** and **Jomo** Kwame Sundaram. New York: Cambridge University Press, 21-69.
- David C. **Kang**. 2002. *Crony Capitalism: Corruption and Development in South Korea and the Philippines*. New York: Cambridge University Press. pp. 1-60.
- **Yoshihara** Kunio. 1988. *The Rise of Ersatz Capitalism in South-East Asia*. New York: Oxford University Press. pp. 5-98.
- Andrew H. **Wedeman**. 2003. *From Mao to Market: Rent Seeking, Local Protectionism, and Marketization in China*. New York: Cambridge University Press. pp. 27-81.

## October 3: Corruption and Cronyism

From a normative perspective, rents may be either good or bad, but corruption and cronyism are almost uniformly considered to be bad. Many argue that the expansion of market economies has been paralleled by corruption, cronyism, and inequality. These readings focus on the dark side of government-business relations, and their political consequences.

- Benjamin A. **Olken** and Rohini **Pande**. 2012. “Corruption in Developing Countries.” *Annual Review of Economics* 4, 479–509.
- Ross H. **McLeod**. 2005. “The struggle to regain effective government under democracy in Indonesia.” *Bulletin of Indonesian Economic Studies* 41(3), 367-386.
- Bruce J. **Dickson**. 2008. *Wealth into Power: The Communist Party's Embrace of China's Private Sector*. pp. 199-236.
- Rema **Hanna** and Shing-Yi **Wang**. 2017. “Dishonesty and Selection into Public Service: Evidence from India.” *American Economic Journal: Economic Policy* 9(3): 262–290

## October 10: Labor

These readings turn away from businesses, governments, and bureaucrats to examine the position of labor in developing Asia. This is especially important because the repression (or at least cooptation) of labor is held by many scholars to be an important feature of successful developmental states.

- Teri L. **Caraway**. 2009. “Labor Rights in East Asia: Progress or Regress?” *Journal of East Asian Studies* 9(2), 153-186.
- Emmanuel **Teitelbaum**. 2006. “Was the Indian Labor Movement Ever Co-Opted? Evaluating Standard Accounts.” *Critical Asian Studies* 38(4), 389-417.
- Michele **Ford** and George Martin **Sirait**. 2016. “The state, democratic transition and employment relations in Indonesia.” *Journal of Industrial Relations* 58(2), 229-242.
- Ching Kwan **Lee**. 2016. “Precarization or Empowerment? Reflections on Recent Labor Unrest in China.” *Journal of Asian Studies* 75(2): 317–333.

## October 17: Democracy

Democracy refers—at minimum—to the peaceful alternation of executive power as a result of free and fair elections. These readings discuss why democracy emerges in developing economies, chart the consequences of democracy (and its absence) for economic outcomes, and probe the inner workings of democratic political economies.

- Jacques **Bertrand**. 1998. “Review Article: Growth and Democracy in Southeast Asia.” *Comparative Politics* 30(3): 355-375.
- Atul **Kohli**. 2008. *Democracy and Development in India: From Socialism to Pro-Business*. New York: Oxford University Press. pp. 23-42.
- Haeran **Lim**. 2009. “Democratization and the Transformation Process in East Asian Developmental States: Financial Reform in Korea and Taiwan.” *Asian Perspective* 33(1), 75-110.
- Mary E. **Gallagher**. 2002. “‘Reform and Openness’: Why China’s Economic Reforms Have Delayed Democracy.” *World Politics* 54(3), 338-372.
- Jie **Chen** and Bruce J. **Dickson**. 2010. *Allies of the State: China’s Private Entrepreneurs and Democratic Change*. Cambridge, MA: Harvard University Press. 38-104.

## October 24: Institutions and Electoral Rules; Final Paper Abstract Due in Class

Institutions and electoral rules shape the way that politics works, and in turn, politicians’ incentives to (and strategies of) intervening in the economy. Economic events, in turn, affect political outcomes through the filter of political institutions. These readings focus on various interesting political institutions in developing Asia.

- Bring a hard copy to class.
- Submit an electronic copy to Blackboard (click “Assignments,” then “Final Paper Abstract”)
- Gary W. **Cox** and Frances **Rosenbluth**. 1995. “Anatomy of a Split: the Liberal Democrats of Japan.” *Electoral Studies* 14(4), 355-376.
- Andrew **MacIntyre**. 2001. “Institutions and Investors: The Politics of the Economic Crisis in Southeast Asia.” *International Organization* 55(1), 81-122.
- Joel Sawat **Selway**. 2011. “Electoral Reform and Public Policy Outcomes in Thailand: The Politics of the 30-Baht Health Scheme.” *World Politics* 63(1), 165-202.
- Edmund **Malesky**, Regina **Abrami**, and Yu **Zheng**. 2011. “Institutions and Inequality in Single-Party Regimes: A Comparative Analysis of Vietnam and China.” *Comparative Politics* 43(4): 409-427.

## October 31: Decentralization

These readings ask if devolving political authority to local governments is the key to national economic success, as some analysts advocate based on the experiences of countries like the United States, Germany, and China.

- Gabriella **Montinola**, Yingyi **Qian**, Barry R. **Weingast**. 1995. “Federalism, Chinese Style: The Political Basis for Economic Success in China.” *World Politics* 48(1), 50-81.
- Aseema **Sinha**. 2004. “The Changing Political Economy of Federalism in India: A Historical Institutionalist Approach.” *India Review* 3(1), 25-63.
- Thomas B. **Pepinsky** and Maria M. **Wihardja**. 2011. “Decentralization and Economic Performance in Indonesia.” *Journal of East Asian Studies* 11(3), 337-371.
- Edmund J. **Malesky**, Cuong Viet **Nguyen**, and Anh **Tran**. 2014. “The Impact of Recentralization on Public Services: A Difference-in-Differences Analysis of the Abolition of Elected Councils in Vietnam.” *American Political Science Review* 108(1), 144-168.

## November 7: Deep History

These readings explore the “deep” origins of contemporary political economies.

- Daron **Acemoglu**, Simon **Johnson**, and James A. **Robinson**. 2002. “Reversal of Fortune: Geography and Institutions in the Making of the Modern World Income Distribution.” *Quarterly Journal of Economics* 117(4), 1231-1294.
- Paul D. **Kenny**. 2015. “Colonial Rule, Decolonisation, and Corruption in India. *Commonwealth & Comparative Politics* 53:4, 401-427.
- Saumitra **Jha**. “Trade, Institutions, and Ethnic Tolerance: Evidence from South Asia.” *American Political Science Review* 107(4), 806-832.
- Thomas B. **Pepinsky**. 2016. “Colonial Migration and the Origins of Governance: Theory and Evidence from Java.” *Comparative Political Studies* 49(9), 1201-1237.
- Melissa **Dell**, Nathan **Lane**, and Pablo **Querubin**. 2017. “The Historical State, Local Collective Action, and Economic Development in Vietnam.” Working Paper, National Bureau for Economic Research.

## November 14: Reform

Reform is “big change,” and it is responsible for changing the direction of entire national economies. These readings ask how reform happens in a few critical cases.

- Susan **Shirk**. 1992. *The Political Logic of Economic Reform in China*. Berkeley: University of California Press. pp. 23-51, 129-145.
- Atul **Kohli**. 2008. *Democracy and Development in India: From Socialism to Pro-Business*. New York: Oxford University Press. pp. 186-225.
- Jeffrey M. **Chwieroth**. 2010. “How Do Crises Lead to Change? Liberalizing Capital Controls in the Early Years of New Order Indonesia.” *World Politics* 62(3), 496-527.
- Martin **Painter**. 2005. “The Politics of State Sector Reforms in Vietnam: Contested Agendas and Uncertain Trajectories.” *Journal of Development Studies* 41(2), 261-283.

## November 21: Adjustment

Adjustment is a policy response to changing economic or political conditions, not to change the direction of entire national economies but instead to put them back on track when they get derailed. These readings ask why adjustment sometimes works, sometimes doesn't.

- **The World Bank**. 1998. *East Asia: The Road to Recovery*. Washington, DC: The World Bank. pp. 1-17, 73-98, 111-129.
- T.J. **Pempel**. 2006. “A Decade of Political Torpor: When Political Logic Trumps Economic Rationality.” In *Beyond Japan: The Dynamics of East Asian Regionalism*. Peter J. **Katzenstein** and Takashi **Shiraishi**. Ithaca: Cornell University Press. pp. 37-62.
- Thomas B. **Pepinsky**. 2008. “Capital Mobility and Coalitional Politics Authoritarian Regimes and Economic Adjustment in Southeast Asia.” *World Politics* 60(3), 438-474.
- Thomas **Kalinowski**. 2008. “Korea's Recovery since the 1997/98 Financial Crisis: The Last Stage of the Developmental State.” *New Political Economy* 13(4), 447-462.
- Bruce J. **Dickson**. 2011. “Updating the China Model.” *The Washington Quarterly* 34(4), 39-58.

## November 28: Wrap-up and Final Thoughts

- No readings for today. Instead, each student will give a 5 minute “mini-seminar” on his or her final paper.

**December 7: Research Paper Due (4:30PM)**

- Hard copy to 322 White Hall
- Submit an electronic copy to [pepinsky@cornell.edu](mailto:pepinsky@cornell.edu)