

# **BIS 320: Comparative Political Economy**

## Fall Quarter 2008

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Office Hours: MW 12-1 PM, TTh 11 AM-1 PM, and by appointment (Office: UW2-333)

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### **Course Introduction**

*Political economy* is the study of the relationship between politics and economics, using a wide range of approaches from different disciplines. It seeks to understand how political power affects the production and distribution of wealth, and how economic incentives shape political processes and outcomes. More simply, it is about how power and wealth relate to each other, and how states and markets interact.

*International* political economy (IPE) deals with these questions at the global level, seeking to understand, for example, how the world trading system has evolved, why financial crises emerge and spread, why rich countries are rich and poor countries poor, and why it is difficult to build international institutions to manage the global commons. *Comparative* political economy (CPE), in contrast, focuses on individual nation-states and regions; it seeks to understand how history and politics shape the way countries organize and govern their economies, why and in what ways countries' economic systems differ, and ways in which political actors and institutions respond to economic incentives. In practice, the boundary between IPE and CPE has blurred as technological change and cross-border flows of trade and finance have drawn national economies closer together; economic shocks in one part of the world reverberate quickly around the globe, rocking economies elsewhere before political institutions can respond, or even in spite of those responses. Consequently, although this course emphasizes CPE, it also gives due attention to the web of global processes and relationships that shape the actions of countries.

I began drafting this introduction in August while on a train speeding across South Korea. Watching the massive apartment blocks and gleaming factories on the outskirts of Seoul shade into rolling hills and rice paddies, I couldn't help reflecting on the historical drama unfolding across the planet's most populous continent. A scant 45 years ago, South Korea was utterly impoverished, its people enduring a standard of living below that of much of Africa. China was in the midst of a slow recovery from the disastrous Great Leap Forward, which had left as many as 30 million people dead. Japan, recently recovered from World War II, was chalking up double-digit rates of economic growth, just as China is doing today. Vietnam was being torn asunder by civil war, which would soon draw in the US and shatter the calm in other parts of the region. Today, this part of the world is experiencing economic growth and social change on a scale unimaginable in the 1950s and 60s, and without precedent in history. We'll use the tools of CPE (and to some degree IPE) to help us understand how this part of the world came to be the engine of today's world economy, the consequences, and what it means for us today.

### **Learning Objectives**

First is to gain familiarity with how national economies work and how we measure and assess their performance. To that extent, we'll learn about things like gross domestic product (GDP), productivity, money, inflation, and why some economies grow faster than others.

Second is to apply the conceptual and theoretical tools of political economy to understand the relationship between power and wealth in the international system of nation-states, focusing on East Asia

Third is to understand the emergence of China as a global economic power, the organization and governance of its economic system, and the implications of its high-speed growth for its citizens and the world.

Fourth is to hone skills and build confidence in writing and speaking about political and economic issues, as well as in representing and interpreting quantitative information used in comparative political and economic analysis.

### **Required Textbooks and other Materials**

The following three textbooks are available for purchase in the bookstore:

David A. Moss, *A Concise Guide to Macroeconomics* (Harvard Business School Press, 2007).

Ming Wan, *Political Economy of East Asia* (CQ Press, 2008)

Barry Naughton, *The Chinese Economy* (MIT Press, 2007)

We will also stay abreast of current events related to the course by reading *The Economist*, a weekly newsmagazine covering politics, economics, business, finance, science and technology, and the arts around the world. With each weekly assignment, I'll include links to articles from that week's issue, or recent back-issues; you'll be expected to read and use them in the week's assignment and/or class discussion. Although part of the web content is free, and much of the rest can be accessed through the library's Expanded Academic Index, I encourage you to purchase an academic subscription for at least the duration of the course: a 3-month (12 issues) subscription costs \$19.95 at the academic rate, and includes print version and complete online access. See the following for details:

<http://www.economistacademic.com/index.cfm>

You'll be asked for my faculty ID number, which is 5125.

Additional readings will be made available on electronic reserve in the library or will be accessible on an external web site. The e-reserve site is located at

<https://eres.bothell.washington.edu/eres/coursepass.aspx?cid=641>

To access this site, you will need to input your UWNet ID and password.

The course uses Blackboard for posting assignments and other course materials, and for submitting student work. You will need to enroll in the course through Blackboard. Please refer to the student tutorial at the following URL:

[http://www.uwb.edu/edtech/blackboard/student\\_index.xhtml](http://www.uwb.edu/edtech/blackboard/student_index.xhtml)

Be sure to read the "Important Upgrade Notice" and, if necessary, create a new account. I'll be posting materials and assignments to Blackboard throughout the course, so please make a habit of checking it regularly (at least every other day) for any new announcements.

Students new to campus and who do not yet have a UWNet ID may find this URL helpful:

<http://www.uwb.edu/as/gettingstarted/>

### **Course Requirements**

1. Weekly Problem/Question Sets: Each week you will be assigned questions and problems based on the readings for that week, news items appearing in the *The Economist*, or data sets that compare countries on a political, social, or economic dimension of interest. These will usually be posted in the "Assignments" section of Blackboard on *Fridays at 5 PM*. You will download the assignment, complete it in accordance with the directions, and submit it through Blackboard *no later than 5 PM the following Friday*. Some questions may be answerable in a sentence or two; others may require

construction of a graph or table; still others may require a well-crafted short essay of up to 250 or 500 words (never more than 500 words!) I will give a total of 8 such assignments; the first will be posted this coming Friday, September 26 and will be due next Friday, October 3. Subsequent assignments will be posted October 3, 10, 17, and 24, and November 7, 14, and 21. I will grade each submission on a 100-point scale; once it's graded, you will be able to see the grade using the "My Grades" course tool. Unless otherwise noted in the assignment, this work must be done individually: copying another student's work, or doing the work for another student, will be treated as academic misconduct. **Collectively, these will contribute 40 percent of the course grade.**

- 2. Regular constructive participation in class discussions and other in-class activities:** Parts of most class sessions will be devoted to in-class activities and discussion. Many of these will be done in small groups of 3 or 4 students; others will involve the full class, and still other activities will be done individually (for example, writing a short answer to a question I pose to the class during lecture). Most group activities will involve discussing and answering questions in groups, submitting one set of written answers for the group. I may on occasion set up a debate, asking two or more groups to prepare and argue different or opposing views on a question (you should certainly expect such an exercise on October 22). To facilitate this, I will organize you into groups of 3 or 4 students during the second week; you will remain in that group for the duration of the quarter. Your grade will be based on the quality and frequency of your contributions. Although I don't grade on attendance *per se*, absences obviously reduce the frequency of your participation, lowering your participation grade. Near the end of the quarter, you will be asked to complete a peer evaluation form, reporting on the quality and frequency of contributions made by each member of your group. I'll use these evaluations in assigning the final participation grade. Be aware that in-class assignments cannot be made up or turned in late. **Participation will contribute 20 percent of course grade.**

\*\*Here's another way you can participate that is optional: contribute to the class discussion board, which I'll launch in the second week. I encourage anybody with a question related to the course content to pitch it to the discussion forum. Engaging questions and thoughtful answers will all be warmly received, as will starting thought-provoking threads and sharing timely, illuminating articles. To the extent possible, I'll remain on the sidelines, chiming in perhaps to start an occasional thread or give an explanation if asked. Use the forum to complement your in-class participation, not as a replacement for it.

- 3. Midterm essay:** A 1000-1250 word essay on an assigned topic, the first draft of which will be due in class at the time you take the midterm. The topic will be posted on Blackboard at 5 PM on October 13, along with detailed instructions on how to write and present your essay. You will be expected to use the course materials and *The Economist* in writing the essay; you may use other web-based sources, including magazines and newspapers, if you think they are relevant and have scholarly merit. You will *submit a hardcopy of your first draft in class on October 27*. I will grade it and return it with comments. You will have the option of revising and resubmitting the paper, together with the first draft, within two weeks of the date I return it. The average of the two grades will be the grade for this assignment. **The midterm essay will count for 15 percent of the course grade.**
- 4. Take-home comprehensive final exam:** This will be posted to the "Assignments" section of Blackboard at 5 PM November 24. You will download and take the exam, submitting your work on Blackboard no later than 5 PM December 8, the designated date of the final exam. It will consist of short answer questions and problems, similar to those in the weekly assignments, a short argumentative essay of 500-750 words on a topic of your choice (though it must be related to some aspect of the course and be reasonably differentiated from the other essays!), and an essay of about 1000 words on an assigned topic related to the China readings (similar to the midterm essay). **The final exam will count for 25 percent of the course grade.**

## POLICIES AND RULES

1. **GRADING:** Final grades are recorded on a 4-point scale, in accordance with UW policy. Tests and problem sets are usually graded on a 100-point scale and converted to the 4-point scale using the following conversion: 95-100=4.0, 90=3.5, 85=3.0, 80=2.5, 75=2.0, 70=1.5, 65=1.0, 60=0.0. A grade of 88 would, for example, correspond to a 3.3. For more information on the UW grading system, see [http://www.washington.edu/students/gencat/front/Grading\\_Sys.html](http://www.washington.edu/students/gencat/front/Grading_Sys.html)
2. **LATE ASSIGNMENTS:** Late work will be docked half a grade point for each day after the due date unless a student has a compelling reason and has consulted with me in advance.
3. **DISABILITY ACCOMMODATIONS:** Students who believe they have a disability and would like academic accommodations should contact Disability Support Services at 425.352.5307, 425.352.5303 TDD, 425.352.5455 FAX, or at [dss@uwb.edu](mailto:dss@uwb.edu). They will be happy to provide assistance. Students requesting this support will be asked to provide documentation of the disability.
4. **ELECTRONIC DEVICES:** Students will normally NOT be allowed to use laptop computers and other electronic equipment in class. If such equipment is needed for taking notes or working an assigned problem, permission must first be obtained from the instructor. To maintain the integrity of the learning environment, students who violate this policy may be dismissed from the classroom.
5. **ACADEMIC INTEGRITY:** UW students are held to a high standard of academic honesty and integrity. According to UW policy, “academic misconduct includes but is not limited to cheating, facilitation, plagiarism, and fabrication in connection with any exam, research, course assignment, or other academic exercise that contributes, in whole or in part, to the satisfaction of requirements for courses or graduation.” See the following link for definitions and examples of cheating, facilitation, plagiarism, and fabrication, including the process by which such incidences are reported and resolved: [http://www.uwb.edu/academic/policies/Academic\\_Conduct.xhtml](http://www.uwb.edu/academic/policies/Academic_Conduct.xhtml)  
The library has prepared the following reference on plagiarism and strategies for avoiding it: <http://www.uwb.edu/library/guides/research/plagiarism.html>
6. **SUPPORT FOR LEARNING:** UWB has a pair of excellent centers that support student learning. The Quantitative Skills Center (QSC) offers free tutoring to students in any course or program that requires quantitative reasoning. The tutors can help with math, statistics, science, working with data, reading/creating graphs and charts, etc. The QSC is located in UW2-134. Check the website for the drop-in tutoring hours: <http://www.uwb.edu/qsc>.  
The Writing Center provides free consultations to help students develop ideas and communicate them clearly in writing. It is located in UW2-124. Check the website for hours and other details: <http://www.uwb.edu/writingcenter/>
7. **REVISIONS TO THE SYLLABUS:** The syllabus may be amended if circumstances warrant to correct errors or adjust the schedule of readings or of assignments. Should a revision be needed, the new version will be posted to Blackboard along with an announcement.
8. **GETTING TO KNOW YOU:** I enjoy meeting with students outside of class. Please take advantage of office hours and other times to stop by my office in UW2-333.

## Schedule of Readings and Assignments

Bulleted readings should be completed BEFORE the class meeting under which they appear. Always bring the day's reading with you to class.

Readings followed by (E) will be posted on the library's electronic reserve page for this course:

<https://eres.bothell.washington.edu/eres/coursepage.aspx?cid=641>

The online version of this syllabus will contain live links to all assigned web-based readings.

### **PART I: FUNDAMENTALS OF POLITICAL ECONOMY**

#### **Wednesday 9/24 Course Introduction: What is Political Economy?**

- *Political Economy of East Asia*, chapter 1, by Monday

Get acquainted, talk about the course and the instructor's expectations, find out what students already know about the subject, define political economy.

#### **Monday 9/29 How does a National Economy Work: Output, Growth, and Trade**

- *Concise Guide to Macroeconomics*, chapter one
- The Production Possibilities Curve and the Basic Economic Problem: Study Flash Simulation Here: <http://www.theshortrun.com/classroom/curves/prodpossibilities.html>
- Russell Roberts, "Treasure Island: The Power of Trade Part I," at <http://www.econlib.org/library/Columns/y2006/Robertscomparativeadvantage.html>

#### **Wednesday 10/1 What is Money? How is it Managed?**

- *Concise Guide to Macroeconomics*, chapter two
- Russell Roberts, "Treasure Island: The Power of Trade Part II," at <http://www.econlib.org/library/Columns/y2006/Robertsstandardofliving.html>

Expect to spend time in class discussing the current crisis in the financial markets. For example-Should the government use tax dollars to buy the so-called "toxic assets" (mainly mortgage-backed securities whose market value has plummeted as a result of falling housing prices and increasing rates of delinquencies and foreclosures by borrowers) from the banks that hold them? How should a country's central bank (the Federal Reserve in the US) deal with a crisis of this magnitude? What is the appropriate role for the executive branch? Legislature?

#### **Monday 10/6 National Accounting, Balance of Payments, and Exchange Rates**

- *Concise Guide to Macroeconomics*, chapters five, six, seven, and conclusion

#### **Wednesday 10/8 Bringing Politics Back In: How do power and institutions shape the world political economy?**

- [Terry M. Moe, "Power and Political Institutions," \*Perspectives on Politics\* 3 \(June 2005\): 215-233 \(E\)](#)

## PART II: TOPICS IN EAST ASIAN POLITICAL ECONOMY

### Monday 10/13 East Asian National Systems of Political Economy

- *Political Economy of East Asia*, chapter 2
- *The Chinese Economy*, Introduction and chapter 1
- [Ha-Joon Chang, \*Bad Samaritans\*, “Prologue: Mozambique’s economic miracle” \(E\)](#)

### Wednesday 10/15 The Chinese World Order and Rise of the West

- *Political Economy of East Asia*, chapter 3
- *The Chinese Economy*, Introduction and chapter 1

### Monday 10/20 Western and Japanese Imperialism in East Asia

- *Political Economy of East Asia*, chapter 4
- [Meredith Woo-Cumings, “Back to Basics: Ideology, Nationalism, and Asian Values in East Asia,” in \*Economic Nationalism in a Globalizing World\*, ed. Eric Helleiner and Andreas Pickel \(E\)](#)

### Wednesday 10/22 The East Asian Economic Miracle

- All read *Political Economy of East Asia*, chapter 5
- Read one of the following as a group and be prepared to debate and discuss (you’ll be told which one to read in advance):
  - [Paul Krugman, “The Myth of Asia’s Miracle,” \*Foreign Affairs\* \(November-December 1994\): 62-78 \(E\)](#)
  - Stephen Haggard and Euysung Kim, “The Sources of East Asia’s Economic,” *Access and Asia Review* 1 (August 1997), pp. 35-70, available in PDF at [http://www.nbr.org/publications/aa\\_review/pdf/aa\\_vol1no1.pdf](http://www.nbr.org/publications/aa_review/pdf/aa_vol1no1.pdf)
  - [Anne Booth, “Initial Conditions and Miraculous Growth: Why is South East Asia Different from Taiwan and South Korea?” \*World Development\* 27 \(February 1999\): 301-321 \(E\)](#)
  - [Peter Berger and Michael Hsin-Huang Hsiao, eds. \*In Search of an East Asian Development Model\*, chapter to be announced \(E\)](#)

### Monday 10/27 The East Asian Financial Crisis

- *Political Economy of East Asia*, chapter 6
- [Joseph Stiglitz, \*Globalization and its Discontents\*, chapter 4 \(pp. 89-132\) \(E\)](#)

### Wednesday 10/29 East Asian Production and Innovation Systems

- *Political Economy of East Asia*, chapter 7
- Greg Linden et al, “Who Captures Value in a Global Innovation System? The Case of Apple’s iPod,” PCIC, UC Irvine, June 2007, available at <http://pcic.merage.uci.edu/papers/2007/AppleIPod.pdf>

**Monday 11/3 East Asian Trade**

- *Political Economy of East Asia*, chapter 8
- [Ha-Joon Chang, \*Bad Samaritans\*, chapter 3 \(pp. 65-83\) \(E\)](#)

**PART III. THE POLITICAL ECONOMY OF CHINA'S MODERNIZATION**

**Wednesday 11/5 China under the Command Economy (1949-1978)**

- *Chinese Economy*, chapter 3

**Monday 11/10 Market Economy and Growing Rural-Urban Divide (1978-present)**

- *Chinese Economy*, chapters 4 and 5
- Study China's most recent economic data and trends here:  
<http://www.economist.com/countries/China/profile.cfm?folder=Profile%2DEconomic%20Data>

**Wednesday 11/12 Economic growth, population, and the one-child policy**

- *Chinese Economy*, chapters 6 and 7

**Monday 11/17 Labor, living standards, and poverty**

- *Chinese Economy*, chapters 8 and 9

**Wednesday 11/19 Development of the rural economy**

- *Chinese Economy*, Part III, the following sections:
  - 10.1 on the Chinese village
  - 10.3 on rural reforms and their consequences
  - 12.2 and 12.3 on development and growth of TVEs
  - 12.5 and 12.6 on transformations of the TVEs after the mid 1990s

**Monday 11/24 Industry Organization, Finance, and Corporate Governance**

- *Chinese Economy*, chapter 13

**Wednesday 11/26 Energy, Science, and High Technology Industry**

- *Chinese Economy*, Part IV, the following sections:
  - 14.2 on energy
  - All of chapter 15 on technology and the knowledge-based economy

**Monday 12/1 China's Environmental Challenges**

- *Chinese Economy*, chapter 20
- [Elizabeth Economy, "The Great Leap Backward," \*Foreign Affairs\* 86 \(September/October 2007\): 38-59 \(E\)](#)

**Wednesday 12/3 China's Future: Will it Repeat Japan's Mistakes?**

- [Richard Katz, "Does China Face a 'Lost Decade?'" \*Current History\* \(September 2008\): 269-275 \(E\)](#)