

# Asian Economic Development in Comparative Perspective

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## ● Course Outline

In this course, we study the contributions of institutions to economic development in East Asia from a comparative perspective. Four countries will be featured in the comparative study: Japan, Taiwan, Korea, and China. Two major institutions will be examined: business organization and financial institutions. On business organization, we will compare and contrast the distinctive patterns of business organizations in these countries and study their impacts on the path of economic development, as well as the effectiveness of various policies under this structure, including trade and industrial policies. On financial institution, we will compare the roles of banks, non-bank lending institutions, private lenders, stock markets, and other financial institutions, in these countries and examine their impacts on capital formation and industry evolution over time. These two institutions are interrelated, and they together determine the long-term competitiveness of industries in these countries and shape the business strategies in the domestic and foreign markets.

## ● Reading List

### I. East Asian Model of Development

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2. Gordon White and Robert Wade, 1988, "Developmental State and Markets in East Asia: An Introduction," in Gordon White (ed.), *Developmental State in East Asia*, London: Macmillan, pp.1-29.
3. \*Paul Krugman, 1994, "The myth of Asia's miracles," *Foreign Affairs*, 73(6): 62-78.
4. Douglas North, 1989, Institutions and economic growth: An historical introduction, *World Development*, 17(9):1319-32.
5. Ranis Gustav, 1989, The role of institutions in transition growth, *World Development*, 17(9): 1443-53.

6. World Bank, *The East Asian Miracle: Economic Growth and Public Policy*, Washington DC: World Bank.

## II. Economic Organizations

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1. Hall, P. A., & Soskice, D. 2001. An introduction to varieties of capitalism. In P. A. Hall, & D. Soskice (Eds), *Varieties of capitalism: The institutional foundations of comparative advantage*: 1–68. Oxford: Oxford University Press
2. Masahiko Aoki and Gregory Jackson, 2008, Understanding an emerging diversity of corporate governance and organizational architecture: An Essentiality based analysis, *Industrial and Corporate Change*, 17(1):1-27.
3. Alfred Chandler, Jr., 1977, *The Visible Hands: The Managerial Revolution in American Business*, Cambridge, MA: Harvard University Press.
4. \*Michael Witt & Gordon Redding, 2013. Asian business systems: Institutional comparison, clusters and implications for varieties of capitalism and business systems theory. *Socio-Economic Review*, 11(2): 265–300
5. \*Gary Hamilton and Robert Feenstra, 1995, Varieties of hierarchies and markets: An introduction, *Industrial and Corporate Change*, 4(1): 51-91.

## III. Financial Institutions

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1. \*Rafael La Porta, Florencio Lopez-de-Silanes, Andrei Schleifer., & Robert Vishney, 1998. Law and finance. *Journal of Political Economy*, 106(6): 1113–1155.
2. \*Ross Levine, 1997, Financial development and economic growth: Views and agenda, *Journal of Economic Literature*, 35(2):688-726.
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5. Mark Roe, 1997, Political Roots of American Corporate Finance, *Journal of Applied Corporate Finance*, 9(4): 8-22.

#### IV. Japan Model

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1. \*Aoki, Masayoshi, Hugh Patrick and Paul Sheard, 1994, "The Japanese Main Bank System: An Introductory Review," in Masayoshi Aoki and Hugh Patrick (eds.), *The Japanese Main Bank System: Its Relevance for Developing and Transforming Economies*, Oxford: Oxford University Press, 1-50.
2. Katsuki Aoki and Thomas Taro Lennerfors, 2013, The new, improved keiretsu, *Harvard Business Review*, September issue.
3. Ricardo Caballero, Takeo Hoshi and Anil Kashyap, 2008, Zombi lending and depressed restructuring in Japan, *American Economic Review*, 98(5): 1943-1977.
4. \*Ronald Gilson and Mark Roe, 1999, Life time employment : Labor peace and the evolution of Japanese corporate governance, *Columbia Law Review*, 99(2):508-540.
5. Chalmers Johnson, 1982, *MITI and Japanese Miracle*, Stanford, CA: Stanford University Press.

#### V. Korea Model

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1. Alice Amsden, 1989, *Asia's Next Giant: South Korea and Late industrialization*, New York: Oxford University Press.
2. \*Wonhyuk Lim, 2003, The emergence of the chaebol and the origins of the chaebol problem, in Stephan Haggard, Wonhyuk Lim and Euysung Kim, (eds.) *Economic Crisis and Corporate Restructuring in Korea: Restructuring the Chaebol*, Cambridge, MA: Cambridge University Press.
3. \*Ha-Joon Chang, 1993, The political economy of industrial policy in Korea, *Cambridge Journal of Economics*, 17(2): 131-157.
4. Ha-Joon Chang, Hong-Jae Park and Chul-Gyue Yoo, 1998, Interpreting the Korean crisis: Financial liberalization, industrial policy and corporate governance, *Cambridge Journal of Economics*, 22(6): 735-746.
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## VI. Taiwan Model

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1. \*Tibor Scitovsky, 1986, Economic development in Taiwan and Korea in Lawrence Lau (ed.), *Models of Development: A Comparative Study of Economic Growth in South Korea and Taiwan*, San Francisco: ICS Press, pp.127-181 (focus pp.127-144).
2. Robert Wade, 1990, *Governing the Market: Economic Theory and the Role of Government in East Asian Industrialization*, Princeton, NJ: Princeton University Press.
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4. \*Gary Hamilton, Robert Feenstra and Maria Yang, 1999, Business groups and trade in East Asia: Product variety, *Journal of International Economics*, 48: 71-100.
5. Gary Hamilton, 2018, Culture and organization in Taiwan's market economy, in Robert Hefner (ed.), *Market Cultures: Society and Morality in the New Asian Capitalisms*, New York: Routledge.

## VII. China Model

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1. \*Chenggang Xu, 2011, The fundamental institutions of China's reforms and development, *Journal of Economic Literature*, 49(4): 1076-51.
2. Victor Nee, 1992, "Organizational Dynamics of Market Transitions: Hybrid Firms, Property Rights, and Mixed Economy," *Administrative Science Quarterly*, 37():1-27.
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5. \*Yasheng Huang, 2010, Debating China's economic growth: The Beijing consensus or the Washington consensus? *Academy of Management Perspectives*, 24(2):31-47.

#### VIII. Policy Discussion

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2. \*Dani Rodrik, 1995, Getting intervention right: How South Korea and Taiwan get rich? *Economic Policy*, vol. 53-107.
3. John Mathews, 1997, A Silicon Valley of the East: Creating Taiwan's semiconductor industry, *California Management Review*, 30(4):26-54.
4. Qing Mu and Kuen Lee, 2005, Knowledge diffusion, market segmentation, and technological catch-up: The case of telecommunication industry in China, *Research Policy*, 34(6):759-783.
5. Tain-Jy Chen, 2016, The Development of China's Solar Photovoltaic Industry: Why Industrial Policy Failed," *Cambridge Journal of Economics*, 40(3):755-774.