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GLA2069H
TOPICS IN GLOBAL MARKETS I: THE RISE OF ASIA

Course Description

We will examine the sources and consequences of the rise of Asia in the international system. Why have some countries in the region succeeded in achieving rapid economic development, while others faltered? How is the economic rise of countries like Japan, Korea, China, and India reshaping international security and economic relations? What are some major challenges countries in the region face today?

Course Requirements

Participation (40%): Each class will take the form of a debate concerning a major policy question related to the region. You are responsible for coordinating with your team members before class, preparing your arguments, and participating actively in class discussion.

Final Paper (60%): A policy paper (4,000-5,000 words) related to the class material in the style of a *Foreign Affairs* essay. A one page proposal (10%) will be due February 10. The final paper is due April 10 (50%). Students will present their paper to the class during the last two sessions.

General Policies

Active participation in class discussions is required – absences should be cleared prior to class with the instructor. Unexcused absences will reduce the participation grade by 5%. For the sake of fairness to students completing their assignments on time, late assignments will receive a 5% reduction after the deadline has passed. Thereafter, an additional 5% will be deducted each additional day the assignment is late.

Office Hours

I will hold office hours weekly on Tuesdays 1-3pm. You can sign up for office hours using the course calendar on Quercus.

Readings

All readings are available on Quercus. No purchases are necessary.

Accessibility Needs

If you require accommodations for a disability, or have any accessibility concerns about the course, the classroom or course materials, please contact Accessibility Services as soon as possible (www.accessibility.utoronto.ca). It is not uncommon for university students to experience a range of health and mental health issues that may result in barriers to achieving their academic goals. The University of Toronto offers a wide range of services that may be of assistance. You are encouraged to seek out these resources early and often.

On Campus: Your college Registrar's Office, and / or Dean of Students' Office
Student Life - <http://www.studentlife.utoronto.ca>
Health and Wellness Centre - <http://www.studentlife.utoronto.ca/hwc>
Off-Campus: Good2Talk - a post-secondary (24/7) helpline (1-866-925-5454).

Academic Integrity

All students, faculty and staff are expected to follow the University's guidelines and policies on academic integrity. For students, this means following the standards of academic honesty when writing assignments, collaborating with fellow students, and writing tests and exams. Ensure that the work you submit for grading represents your own honest efforts. Plagiarism—representing someone else's work as your own or submitting work that you have previously submitted for marks in another class or program—is a serious offence that can result in sanctions. Speak to me for advice on anything that you find unclear. To learn more about how to cite and use source material appropriately and for other writing support, see the U of T writing support website at <http://www.writing.utoronto.ca>. Consult the Code of Behaviour on Academic Matters for a complete outline of the University's policy and expectations. For more information, please see <http://www.artsci.utoronto.ca/osai> and <http://academicintegrity.utoronto.ca>.

Normally, students will be required to submit their course essays to Turnitin.com for review of textual similarity and detection of possible plagiarism. In doing so, students will allow their essays to be included as source documents in the Turnitin.com reference database, where they will be used solely for the purpose of detecting plagiarism. The terms that apply to the University's use of the Turnitin.com service are described on the Turnitin.com web site.

Week 1 (1/13): Introduction

Hillary Clinton, "America's Pacific Century: The future of politics will be decided in Asia, not Afghanistan or Iraq, and the United States will be right at the center of action," *Foreign Policy*, October 11, 2011. <https://foreignpolicy.com/2011/10/11/americas-pacific-century/>

Wendy Dobson. 2012. "As a late participant in Asia's re-emergence, Canada needs a generational and non-partisan strategy to permanently up its game in the evolving regional architecture and deepen bilateral ties with the major players." *Policy Options*. April 1 <https://policyoptions.irpp.org/magazines/harpers-foreign-policy/wanted-a-canadian-asia-strategy/>

Week 2 (1/20): The Asian Miracle

Debate Topic

Position 1: Rapid economic growth in Asia was due to a unique, Asian model of development. Developing countries should study this model and learn how Asian governments have played an important role in facilitating economic growth.

Position 2: Rapid economic growth in Asia was due to getting the economic fundamentals right. Developing countries should focus on unleashing market forces, not counterproductive government interventions.

Chalmers Johnson. *MITI and the Japanese Miracle*, Chapter 1, 9.

Mary C. Brinton. 1992. *Women and the Economic Miracle: Gender and Work in Postwar Japan*. University of California Press, Chapter 1.

Robert Reich. 1992. "Is Japan Out to Get Us?" *New York Times*, February 9.

Gary R. Saxonhouse. 1983. "What is All This about 'Industrial Targeting' in Japan?" *The World Economy* 6 (3): 253-274.

Richard Beason and David Weinstein. 1995. "The MITI myth: Central planning fails in Japan." *The American Enterprise Institute* 6 (4).

Henry Rowen, "The Political and Social Foundations of the Rise of East Asia: An Overview," in Henry Rowen, ed., *Behind East Asian Growth* (NY: Routledge, 1998), pp. 1-36.

Minxin Pei, "Constructing the Political Foundations of an Economic Miracle" in Henry S. Rowen, ed. *Behind East Asian Growth* (NY: Routledge, 1998), pp. 39-59

Alice Amsden. 2003. *The Rise of the Rest: Challenges to the West from Late-Industrializing Economies*. Oxford University Press, Chapter 1.

Richard Doner et al. 2005. "Systemic Vulnerability and the Origins of Developmental States: Northeast and Southeast Asia in Comparative Perspective" *International Organization* 51 (Spring) pp. 327-361.

World Bank Policy Research Report, The East Asian Miracle: Economic Growth and Public Policy (Oxford University Press, 1993), pp. 1-26

Paul Krugman. 1994. "The Myth of Asia's Miracle" *Foreign Affairs*, Nov.-Dec., pp.62-78.

Jagdish Bhagwati and Arvind Panagariya, 2013, *Why Growth Matters: How Economic Growth in India Reduced Poverty and the Lessons for Other Developing Countries*, PublicAffairs, Preface.

Dani Rodrik, 2005. "Growth Strategies," Handbook of Economic Growth, in: Philippe Aghion & Steven Durlauf (ed.), *Handbook of Economic Growth*, 1 (14): 967-997.

Edmund Malesky and Jonathan London, 2014, "The Political Economy of Development in China and Vietnam," *Annual Review of Political Science* 17: 395-419.

Week 3 (1/27): The Asian Financial Crisis and Aftermath

Debate Topic

Position 1: The IMF response to the Asian Financial Crisis was appropriate and successful.

Position 2: The IMF response to the Asian Crisis was biased and unsuccessful.

Paul Blustein, *The Chastening* (PublicAffairs, 2001) Chapters 3-5.

Gregory Noble and John Ravenhill, "Causes and Consequences of the Asian Financial Crisis," in Gregory Noble and John Ravenhill eds., *The Asian Financial Crisis* (Cambridge: Cambridge University Press, 2000). pp. 1-35.

Jeffrey Frankel. 1998. "The Asian Model, the Miracle, the Crisis, and the Fund." In Paul Krugman ed. *Currency Crises*. University of Chicago Press.

Stanley Fischer. 1998. "In Defense of the IMF: Specialized Tools for a Specialized Task." *Foreign Affairs* 77 (4): 103-106.

Martin Feldstein. 1998. "Refocusing the IMF." *Foreign Affairs* 77 (2): 20-33.

IMF Staff, "Recovery from the Asian Crisis and the Role of the IMF," June, 2000.

Joseph Stiglitz, "From Miracle to Crisis to Recovery: Lessons from Four Decades of East Asian Experience," in Joseph Stiglitz and Shahid Yusuf, eds. *Rethinking the East Asia Miracle* (World Bank and Oxford University Press, 2001), pp. 509-526.

James Vreeland. 2006. *The International Monetary Fund: Politics of Conditional Lending*, 5-36 ("What is the IMF?"), 73-94 ("What are the Effects of IMF Programs?").

Saori N. Katada. 2002. "Japan and Asian Monetary Regionalisation: Cultivating a New Regional Leadership after the Asian Financial Crisis." *Geopolitics* 7 (1): 85-112.

Phillip Y. Lipsky and Haillie Na-Kyung Lee. 2019. "The IMF as a Biased Global Insurance Mechanism: Asymmetrical Moral Hazard, Reserve Accumulation, and Financial Crises." *International Organization* 73 (1): 35-64.

William Grimes. 2014. "The Rise of Financial Cooperation in Asia." *The Oxford Handbook of the International Relations of Asia*.

Week 4 (2/3): Japan's Crisis and Stagnation

Debate Topic

Position 1: Japan's financial crisis and stagnation were caused by deep-seated deficiencies in Japanese political and economic institutions. Only fundamental structural reforms will fix the country's problems.

Position 2: Japan's financial crisis and stagnation reflected policy errors that could have occurred anywhere. Rather than lecturing Japan about reforms, we should focus on learning from Japan's mistakes to avoid repeating them.

Takeo Hoshi and Takatoshi Ito. *The Japanese Economy*. MIT Press, Chapter 3.

Takeo Hoshi and Anil K Kashyap. 2004. "Japan's Financial Crisis and Economic Stagnation." *Journal of Economic Perspectives* 18 (1): 3-26.

Paul Krugman. 1999. "The Return of Depression Economics." *Foreign Affairs*.

Richard Katz, *Japanese Phoenix* (M.E. Sharpe, 2003), pp. 25-39.

Ben Bernanke. 2000. "Japanese Monetary Policy: A Case of Self-Induced Paralysis?" in Adam S. Posen and Ryoichi Mikitani eds. *Japan's Financial Crisis and Its Parallels to U.S. Experience*. Washington: Institute for International Economics.

Richard Koo. 2009. *The Holy Grail of Macroeconomics: Lessons from Japan's Great Recession*, pp.1-37.

William Grimes. 2001. "Introduction: A Miracle Unmade" and "Organizational Conflict" in *Unmaking the Japanese Miracle: Macroeconomic Politics, 1985-2000*. Cornell University Press.

Jennifer Amyx. 2001. "Informality and Institutional Inertia: the case of Japanese financial regulation" *Japanese Journal of Political Science*, pp. 47-66.

Phillip Y. Lipsky and Hirofumi Takinami. 2013. "The Politics of Financial Crisis Response in Japan and the United States." *Japanese Journal of Political Science* 14 (3):321-353.

Kenneth Rogoff. 2014. "Why Japan Needs Structural Reforms." *World Economic Forum Blog*.

Ulrike Schaede. 2012. "From developmental state to the 'New Japan': the strategic inflection point in Japanese business." *Asia Pacific Business Review* 18 (2): 167-185.

Steven K. Vogel. 2018. *Marketcraft*, Cornell University Press, pg. 77-116.

International Monetary Fund. 2018. *Article IV Staff Report: Japan*. Washington D.C.

"Fearful Symmetries." *The Economist* December 5, 2019.

2/10: Research proposal due before beginning of class

Week 5 (2/10): The Asian Century?

Debate Topic

Position 1: The 21st Century will be the Asian Century.

Position 2: The 21st Century will not be the Asian Century.

Jeffrey Sachs, "Welcome to the Asian Century," *Fortune*, January 12, 2004.

National Intelligence Council (USA). *Global Trends 2030*. Washington, D.C.

PWC. 2017. *The Long View: How will the global economic order change by 2050?* London, UK.

Asian Development Bank. *Asia 2050: Realizing the Asian Century*. Manila, Philippines.

Mortimer B. Zuckerman. 1998. "A Second American Century." *Foreign Affairs* 77 (3): 18-31.

Michael Auslin. 2019. *The End of the Asian Century: War, Stagnation, and the Risks to the World's Most Dynamic Region*. Yale University Press, Chapter 1, 4.

Jennifer Lind. 2018. "Life in China's Asia What Regional Hegemony Would Look Like." *Foreign Affairs*. March/April.

Barry Eichengreen, Donghyun Park and Kwanho Shin. 2012. "When Fast-Growing Economies Slow Down: International Evidence and Implications for China," *Asian Economic Papers* 11 (1): 42-87.

Lant Pritchett and Lawrence H. Summers. 2013. "Asiaphoria Meets Regression to the Mean." *Proceedings, Federal Reserve Bank of San Francisco* November: 1-35.

Andrew Mason, Ronald Lee, and Sang-Hyop Lee. 2010. "The Demographic Transition and Economic Growth in the Pacific Rim," in Takatoshi Ito and Andrew Rose eds., *The Economic Consequences of Demographic Change in East Asia* (Chicago: University of Chicago Press).

McKinsey Global Institute. 2018. *The Power of Parity: Advancing Women's Equality in Asia Pacific*. McKinsey & Company.

Lynette H. Ong, 2012, "Indebted Dragon: The Risky Strategy Behind China's Construction Economy," *Foreign Affairs*, November 27.

"China's economy is more Soviet than you think." 2018. *The Economist*, Dec. 15.

Reading Week (2/17): No class

Week 6 (2/24): Thucydides Trap?

Debate Topic

Position 1: Relations between China and the United States will deteriorate in coming years. US policymakers should approach China as an enemy in their foreign policymaking.

Position 2: Relations between China and the United States will improve in coming years. US policymakers should approach China as a friend in their foreign policymaking.

Graham Allison. 2015. "The Thucydides Trap: Are the U.S. and China Headed for War?" *The Atlantic*, 9/24/2015.

Richard Ned Lebow and Benjamin Valentino. 2009. "Lost in Transition: A Critical Analysis of Power Transition Theory" *International Relations* 23 (3).

Oriana Mastro. 2019. "The Stealth Superpower How China Hid Its Global Ambitions." *Foreign Affairs*. January/February.

Robert Jervis. 2017. "Our New and Better World." In Sergio Fabbrini and Raffaele Marchetti eds., *Still a western world?: continuity and change in global order*. Routledge.

Tanisha M. Fazal and Paul Poast. 2019. "War Is Not Over: What the Optimists Get Wrong About Conflict." *Foreign Affairs* November/December.

Branko Milanovic. 2020. "The Clash of Capitalisms: The Real Fight for the Global Economy's Future." *Foreign Affairs*. January/February.

Henry Farrell and Abraham L. Newman. 2020. "Chained to Globalization: Why It's Too Late to Decouple." *Foreign Affairs*. January February.

Michael Pence, "Vice President Mike Pence's Remarks on the Administration's Policy Towards China," Hudson Institute, October 4, 2018.

Annie Lowrey. 2018. "The 'Madman' Behind Trump's Trade Theory." *The Atlantic*, December.

Congressional Research Service. 2019. "China's Economic Rise: History, Trends, Challenges, and Implications for the United States." Washington, D.C.

David Kang. 2017. *American Grand Strategy and East Asian Security in the Twenty-First Century*. Cambridge University Press, Chapter 1.

Adam P. Liff. 2016. "Whither the Balancers? The Case for a Methodological Reset." *Security Studies* 25 (3): 420-459.

Week 7 (3/2): UN Security Council Reform

Debate Topic

Position 1: India and Japan should be made permanent members of the UN Security Council.

Position 2: India and Japan should not be made permanent members of the UN Security Council.

The Permanent Mission of Japan to the United Nations. "Security Council Reform"

https://www.un.emb-japan.go.jp/topics/security_council_reform.html

Permanent Mission of India to the UN. "Security Council Reform."

<https://www.pminewyork.gov.in/unsc>

Peter Nadin. 2016. *UN Security Council Reform*. Routledge, Chapter 3.

Madeleine O. Hosli and Thomas Dörfler. 2015. "The United Nations Security Council: The Challenge of Reform." *Rising Powers and Multilateral Institutions*. Palgrave Macmillan, London: 135-152.

Alexander Thompson. 2006. "Coercion Through IOs: The Security Council and the Logic of Information Transmission." *International Organization* 60 (Winter).

Ian Hurd. 2008. "Myths of Membership: The Politics of Legitimation in UN Security Council Reform." *Global Governance* 14.

Phillip Y. Lipsky. 2017. *Renegotiating the World Order: Institutional Change in International Relations*. Cambridge University Press, Chapter 8.

Jessica Weiss. 2014. *Powerful Patriots: Nationalist Protest in China's Foreign Relations*. Oxford University Press, Chapter 6.

Martin Binder and Monika Heupel. 2019. "Rising powers and the legitimation of UN Security Council reform." Working Paper.

Nile Gardiner and Brett D. Schaefer. 2005. "U.N. Security Council Expansion Is Not in the U.S. Interest." *Heritage Foundation Backgrounder*. No. 1876.

Thomas Weiss. 2003. "The Illusion of UN Security Council Reform" *The Washington Quarterly* 26 (4).

Week 8 (3/9): Asia in the Liberal International Order

Debate Topic

Position 1: The rise of Asia will ultimately undermine the Liberal International Order. A fundamental transformation of the order is necessary.

Position 2: The rise of Asia will ultimately strengthen the Liberal International Order. We should focus on minor reforms that improve the functioning of the existing order.

Stewart Patrick, "World Order: What, Exactly, are the Rules?" *The Washington Quarterly*, Spring 2016.

G. John Ikenberry. 2018. "The Future of Liberal Order in East Asia." In: Hayes P., Moon CI. eds. *The Future of East Asia*. Palgrave Macmillan

Jeff Colgan. 2019. "Three Visions of International Order." *The Washington Quarterly* 42 (2): 85-98.

Wang Jisi and Zhu Feng. 2015. "Conclusion: The United States, China, and World Order." In G. John Ikenberry, Wang Jisi, Zhu Feng eds. *America, China, and the Struggle for World Order*. Springer.

Alastair Iain Johnston. 2019. "China in a World of Orders: Rethinking Compliance and Challenge in Beijing's International Relations." *International Security* 44 (2).

Amitav Acharya. 2011. "Can Asia Lead? Power Ambitions and Global Governance in the 21st Century." *International Affairs* 87 (4): 851-869

Mireya Solis. 2017. *Dilemmas of a Trading Nation: Japan and the United States in the Evolving Asia-Pacific Order*. Washington, DC: Brookings Institution Press. "Chapter 11: Conclusion: Forging a New Economic Asia-Pacific Order (pp. 211-223).

Joshua Kurlantzick. 2019. "Saving Asia's Democracies" *The Diplomat*. July 10.

Andrew Sharp. 2019. "Asia's fragile democracies struggle to tame illiberal forces." *Nikkei Asian Review*, June 25.

Week 9 (3/16): Belt and Road Initiative and Asian Infrastructure Investment Bank

Position 1: China's creation of the Belt and Road Initiative and Asian Infrastructure Investment Bank are positive developments and should be actively supported by countries like Canada and the United States.

Position 2: China's creation of the Belt and Road Initiative and Asian Infrastructure Investment Bank are negative developments and should be actively opposed by countries like Canada and the United States.

Belt and Road Initiative, website: <http://english.www.gov.cn/beltAndRoad/>

Asian Infrastructure Investment Bank, website: <https://www.aiib.org/en/index.html>

Yuen Yuen Ang. 2019. "Demystifying Belt and Road: The Struggle to Define China's "Project of the Century."" *Foreign Affairs* May 22.

Matthew P. Goodman. 2018. "A Multilateral and Strategic Response to International Predatory Economic Practices." Statement Before the U.S. Senate Foreign Relations Committee, May 9.

Agatha Kratz, Allen Feng, and Logan Wright. 2019. "New Data on the "Debt Trap" Question." Rhodium Group.

William Grimes. 2016. "The Belt & Road Initiative as Power Resource: Lessons from Japan." *The Asan Forum*. April 15.

J. Lawrence Broz, Zhiwen Zhang, and Gaoyang Wang. 2018. "Explaining Foreign Support for China's Global Economic Leadership." *International Organization* (forthcoming)

Phillip Y. Lipsky. 2015. "Who's Afraid of the AIIB: Why the United States Should Support China's Asian Infrastructure Investment Bank." *Foreign Affairs* May 7.

Jeff. M. Smith. 2015. "Beware China's Grand Strategy: How Obama Can Set the Right Red Lines." *Foreign Affairs* May 20.

G. John Ikenberry and Darren L. Lim. 2017. "China's emerging institutional statecraft The Asian Infrastructure Investment Bank and the prospects for counter-hegemony." Project on International Order and Strategy, Brookings Institution.

3/23: No Class (professor travel)

Week 10 (3/30): Student Presentations

4/10 Final Paper Due