College of Commerce
Division of Economic and Financial Studies
Economics Department

UNIT OUTLINE

ECON349: Southeast Asian Economies

First Semester, 2007

Unit Convenor: A/Prof Melanie Beresford

Prerequisites: ECON235 or ECON200 or ECON201

Students in this unit should read this unit outline carefully at the start of semester. It contains important information about this unit. If anything in it is unclear, please consult the lecturer in charge.

ABOUT THIS UNIT

3 credit points. Each credit point assumes 2-3 hours private study in addition to class attendance.

This course aims to introduce students to the main issues affecting economic growth and development in the Southeast Asian region today. Six economies in the region are studied: Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam. Economic development is conceived of as a process combining economic growth, structural change and institutional change in a way that brings about increased well-being and opportunities for all members of society. This process is analysed using a political economy approach which deals specifically with the historical, political, social and cultural factors influencing economic strategies, policies and the development process in Southeast Asia.

Specific issues to be dealt with are:
• The different approaches economists have used to analyse the development process and their influence on policy.
• What have been the main trends in economic growth and structural change in the region and how has the pattern varied within the region?
• How does state intervention affect economic development?
• How do policies towards labour, income distribution and the environment affect economic development?
• What were the causes of the Asian economic crisis of the late 1990s and what lessons can we learn from it?

At the end of the unit students should
• have acquired an understanding of the main influences on economic development in the six countries over the past half century;
• be able to analyse the major socio-economic factors promoting and inhibiting further sustained development;
• be aware of the differing perspectives in the literature on development of the region.

In addition to the discipline-based learning objectives, all academic programs at Macquarie seek to develop students’ generic skills in a range of areas. One of the aims of this unit is that students develop skills in the following:
• Essay writing.
• Critical analysis.
• Communication (especially in presenting your ideas to an audience).
• Working in teams.

TEACHING STAFF
Convenor: A/Prof. Melanie Beresford
Room: E4A 444,
Tel: 9850 8491
Email: melanieb@efs.mq.edu.au
Consulting hours: Thursday 3-5. Other times by appointment.
CLASSES
- One 2-hour lecture each week, Thursday 9-11 am in E7B 100.
- One 1-hour tutorial, commencing in week 2. 6 tutorials in total. Tutorials are held in W5C 335 at either 12 noon-1 pm or 1-2 pm Thursday.
- If you wish to transfer from one class to another, please consult the unit convenor.
- It is an assessment requirement of this unit that students attend tutorial classes (see further below). **If you think you may not be able to attend all tutorials (for employment reasons, for example) withdraw from the course NOW.**

UNIT CALENDAR
Please note that this is only a rough guide to lecture topics. There may be some overlap between weeks.

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<td>Approaches to agrarian reform</td>
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<td>Guest lecture on Laos</td>
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<td>Mid-semester break</td>
<td>Project due</td>
<td>Monday 16 April</td>
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<td>From agriculture to industry</td>
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<td>Vietnam: a transition economy</td>
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<td>Distribution of power, income and resources</td>
<td>Special problems of transition economies</td>
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<td>11</td>
<td>Was there a Southeast Asian model of development?</td>
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UNIT WEB PAGE
- The web page for this unit can be found at: http://www.econ.mq.edu.au/courses/econ349/index.htm
TEACHING AND LEARNING STRATEGY

• Lectures cover the basic content of the unit. They do not, however, cover the entire content which must be made up with extra reading and tutorial work. Tutorials consist of student presentations and class discussion. Tutorial attendance is compulsory and marks will be deducted for failure to participate (see further under ASSESSMENT).
• Students are expected not only to attend classes, but to prepare for them in advance (it helps to know what the class is about!).
• You are encouraged to ask questions in lectures. You are expected to ask questions and participate in the discussion in tutorials.
• You are required to submit a project report by the due date.
• You are required to pass the examination in order to pass the unit.

LECTURE SYNOPSIS

Topic 1: Introduction

The aims, structure and content of the course.

Two major themes which will be dealt with throughout the course:

The meaning of ‘development’ – can it be equated with economic growth? What other factors need to be taken into account before we can say that development has taken place?

The role of the state. Southeast Asian states have played a prominent role in shaping economic and social structures. Various theories that have been put forward to explain the behaviour of states in Southeast Asia in terms of their relationship to international capital and to the people they govern. Depending on how one defines ‘development’, these theories lead to differing conclusions about the success with which states have carried out the task. A major theme of the course will be to look at the debates in the literature over what have been the actual roles of states in the region and whether these have been appropriate in terms of promoting development.

Topic 2: Country studies

Historical survey of some major themes in the development of six Southeast Asian countries. The aim of this section is to achieve a basic familiarity with the broad contours of development in the 6 countries.

From Week 5 onwards we shift focus from individual countries to examine a number of key development issues that affect all countries in the region. A comparative approach will be adopted in the lectures. While for assessment purposes students will not be expected to look at these issues across all countries, awareness of relevant comparisons will be an advantage.

Topic 3: Agrarian reform

These lectures look first of all at the reasons for agrarian reform and the objectives of different types of reform.

(a) Land reform, or redistribution of land holdings, is one type of agrarian reform which was more common in Northeast Asia than in Southeast Asia. However, some examples from Southeast Asia, notably in Vietnam and Malaysia, will be looked at.

(b) A more important type of agrarian reform in Southeast Asia is known as the Green Revolution which involved government-supported introduction of new technology aimed at raising productivity without redistributing land. Despite its undeniably positive impact on output, the Green Revolution has been controversial with regard to its effects on income distribution, distribution of land holdings, employment in the rural sector and more generally
on national economic and social development. Both the lecture and the seminar (in Week 7) focus on the debate about the impacts of Green Revolution and the reasons why these impacts have occurred.

(c) We also examine the special case of Vietnam which first carried out a radical land reform in the 1950s and then, as the socialist model was implemented from 1959, agriculture was collectivised. After re-unification of the country in 1975 the socialist model of collectivisation was also applied in the South. However, increasing difficulties in the agricultural sector led to a gradual process of decollectivisation and the re-establishment of family-based farming in the 1980s. Since 1988 Vietnam's agriculture has been characterised by a market economy. The lecture will look at the way in which collectivisation was carried out, the strengths and weaknesses of collective agriculture in the Vietnamese context, particularly its effects on output growth and income distribution, and the reasons for the later process of decollectivisation. Finally, some of the features of the current market economy will be examined.

**Topic 4: Industrialisation strategies**

(a) The shift from import-substitution to export-orientation

Every country in Southeast Asia began, after achieving independence, to implement an import-substitution industrialisation (ISI) strategy. The first part of the lecture examines why this happened and we then move on to examine the achievements and difficulties experienced with this type of strategy. By the 1970s most had switched to export-oriented industrialisation (EOI), although ISI was never entirely abandoned. The lecture examines both the domestic and the international reasons for this change in strategy as well as the major developments in export-oriented manufacture. The EOI phase, like the ISI phase before it, was associated with high rates of industrial growth and rapid changes in the socio-economic structure of the Southeast Asian countries. However, EOI has also been associated with economic difficulties which, in part, contributed to the onset of the Asian crisis in 1997-98. The final part of the lecture examines these difficulties and the success or otherwise of the strategies which were adopted to overcome them.

(b) The case of a transition economy

Again we focus on Vietnam which adopted a socialist model of industrialisation from 1960. The three basic elements of this model were central planning, public ownership of industry and priority to the development of heavy industry. The lecture examines a number of issues in the development of this industrialisation model, notably, the impact of war on the development of Vietnamese industry, the role of Soviet and Chinese aid and the difficulties caused by the model itself. By the early 1980s the Vietnamese government was attempting to reform the model and by 1989 central planning had been abandoned entirely.

**Topic 5: Vietnam**

Next we look at the problems of transition in Vietnam; for example, the fundamental questions of how a market economy was created and how Vietnam today differs from other economies in the region. While it is basically a market economy, many features of the socialist system continue to influence Vietnamese economic development, especially the preponderance of state-owned firms and a system of highly interventionist, but often ineffective, government regulation.

**Topic 6: Distribution of power, income and resources**

(a) Resources and environment

Environmental issues have become important in the political life of Southeast Asia in the past two decades, largely due to the effects of rapid economic growth. In some ways, the
Southeast Asian countries are reliving the serious environmental problems which arose during early stages of industrialisation in Europe. A clear conflict exists between the perceived need of governments and business to promote higher levels of economic activity and the disruption this causes to ordinary people. We also examine Southeast Asia’s contribution to global warming and how it is adapting.

(b) Labour and income distribution

The rapid economic growth of the four decades prior to 1997 led to major structural changes in the Southeast Asian economies and the expansion of the middle class. Absolute levels of poverty were also reduced markedly. However, income distribution remains highly skewed and there are also great regional inequalities. In those countries most severely affected by the Asian crisis, poverty has also increased again. The lecture examines the debate about the reasons for these inequalities.

**Topic 7: Was there a Southeast Asian development model?**

This lecture will review the development experience of the region prior to the onset of the Asian crisis in 1997. It will focus in particular on the role played by the various states and their policies in either promoting or discouraging economic and social development. An issue which has received prominence in the literature is the question of so-called 'cronyism' - we will examine the meaning of this term and the extent to which it can be said to have played a role.

**Topic 8: The regional crisis and its aftermath**

Lectures will examine the unfolding of the Asian financial crisis which, in Southeast Asia, began with the collapse of the Thai currency in mid-1997 and then spread to Malaysia, the Philippines and Indonesia. We look domestic and international factors leading to the crisis and why some countries were more affected than others.

We go beyond the immediate financial problems and, drawing on the material that we have discussed in previous weeks, look at the structural problems which had built up over the previous decade. These varied in intensity from country to country, but included difficulties of expanding export-oriented production, bottlenecks in human resource development, institutional development which created an unlevel playing field and tended to favour certain regions, ethnic groups or those with connections to government leaders ('cronyism') and widespread political authoritarianism which prevented open discussion of problems, thus hindering the search for solutions.

In light of these analyses we examine the recovery process and the prospects for future growth and development.

**TUTORIAL TOPICS**

**NOTE:** When preparing seminar presentations, first use the focus questions to collect relevant data and then use the data to answer the main question.

**Week 2:** Preliminary meeting.

Students will be assigned to discussion groups. These groups should meet regularly outside class hours as a forum for students to discuss issues raised in lectures and readings, and to prepare for seminar discussions and presentations. Each group will be assigned at least one 20-30 minute seminar presentation during the semester. Following the presentation other members of the seminar will be expected to contribute to a discussion of the points raised in the presentation.
Week 7:
What have been the main impacts of the agrarian reform known as Green Revolution on economic development in Southeast Asia?

Focus questions:
1. What were the impacts of the Green Revolution on agricultural output, economic growth, distribution of land, distribution of income, employment, rural-urban migration, environment?
2. By what mechanisms did the new technology affect rural output and employment?
3. What role, if any, did the size of land holdings play in willingness of farmers to adopt GR technology?
4. Was the introduction of GR a state initiative or did the state simply provide support for commercial activity which was under way already?
5. Who benefited from the GR and who did not?

Week 9:
Why have some Southeast Asian countries achieved industrialisation more rapidly than others?

Focus questions:
1. What have been the main industrialisation strategies pursued in Southeast Asia?
2. What was the role of the state in promoting each type of strategy and how effective was it? What could have been done better?
3. In what ways was industrialisation influenced by international developments and forces?
4. Were domestic or international influences more important in shaping the pattern of industrialisation?
5. What were the main advantages and disadvantages of each type of strategy?

Week 10:
What problems are unique to the transition economies of Southeast Asia such as Vietnam? (concentrate on Vietnam only if you like, or make some comparisons with Cambodia and Laos if you are adventurous).

Focus questions:
1. Analyse the main problems with central planning as applied in Vietnam. How strong was the central planning system and how effective were the plans?
2. How did the change to a market economy come about?
3. How has the Vietnamese economy performed since the transformation?
4. What are the most important aspects of the changes that have promoted or hindered growth and development?
5. Does it still make sense today to speak of a ‘transition economy’ or is Vietnam basically no different from other Southeast Asian market economies.

Week 11:
What have been the main causes and consequences of unequal patterns of development in Southeast Asia? How important are these for future development in the region?
Focus questions:
1. To what extent have Southeast Asian countries been successful in reducing poverty?
2. How equally has development been distributed across regions, social classes and other social groups?
3. What factors have contributed to either poverty reduction or increase?
4. What factors have contributed to rising or falling inequality?
5. In what ways could existing levels of inequality affect future development?

Week 13:
After three decades of rapid economic growth, several Southeast Asian economies erupted into crisis in 1997-98. What lessons can we learn from the crisis?

Focus questions:
1. What were the immediate causes of the financial crisis?
2. What underlying factors contributed to the build up of the financial ‘bubble’?
3. How successful were the measures taken to bring about recovery?
4. How effective have the reforms been since 1999 and why?
5. What recommendations would you make about further restructuring and reform?

RECOMMENDED TEXTS
- There are no prescribed texts or materials for this unit.
- Recommended: Rodan et al (eds), The Political Economy of Southeast Asia, OUP, Melbourne, 2006

READING GUIDE
Readings listed here are either on Reserve or on 3-day loan. They are intended as a guide only. Additional material, not on this list, may be found in the Library and on the Web.
Read selectively. There is a lot of material here and not all of it will be relevant.

Topic 1: Introduction
Rodan et al (eds) 2006, The Political Economy of Southeast Asia, OUP, Melbourne, ch. 1

Topic 2: Country studies
Indonesia

Malaysia
Khoo Boo Teik, 2006 ‘Malaysia: Balancing Development and Power, ch. 6 in Rodan et al. (eds).
Bowie, Alasdair 1994 ‘The dynamics of business-government relations in industrialising Malaysia’, ch. 6 in Macintyre, Andrew (ed.).
Jomo K.S. 1997, Southeast Asia’s Misunderstood Miracle, Westview, Boulder, ch. 5

**Singapore**

Rodan, Gary 2006. ‘Singapore: Globalisation, the State and Politics’, ch. 5 in Rodan et al (eds),


**Philippines**


**Thailand**


Jomo K.S. 1997, Southeast Asia’s Misunderstood Miracle, Westview, Boulder, ch. 4

**Vietnam**

Beresford, Melanie, 2006. ‘Vietnam: the transition from central planning’ in Rodan et al (eds), ch. 7


**Topic 3: Agrarian reform**


Tran Thi Ut and Kei Kajisa, The Impact of Green Revolution on rice production in Vietnam, The Developing Economies, XLIV(2), 2006

Boyce, James K. 1993, The Political Economy of Growth and Impoverishment in the Marcos Era, Ateneo de Manila University, Manila, chapters 3-5

Hill 1996, ch. 8


**Topic 4: Industrialisation strategies**


Hill, 1996, ch. 8

Reinhardt, J. 1993, 'Industrial restructuring and industrial policy in Vietnam', ch. 4 in Mya Than and Tan, J. (eds), *Vietnam’s dilemmas and options*, ISEAS, Singapore

**Topic 5: Special problems of transition economies**
Beresford, Melanie, 2006. 'Vietnam: the transition from central planning’ in Rodan et al (eds), ch. 7
Mallon, R. and van Arkadie, B. *Transition Tiger*.

**Topic 6: Distribution of power, income and environmental resources**
Deyo, Frederic 2006, 'South-East Asian Industrial Labour: Structural Demobilisation and Political Transformation’ in Rodan et al (eds), ch. 11
Boyce, James K. 1993, ch. 2
Charoenloet, V. 1991, 'Thailand in the process of becoming a NIC: myth or reality?', *Journal of Contemporary Asia*, 21:1, pp. 31-41
Hill 1996: ch. 10
Jomo K.S. 1990, ch. 4
Boyce, James K. 1993, ch. 8
Huynh, F and Stengel, H., 1993, 'Sustainable Development: challenges to a developing country', ch. 10 in Mya Than and Tan (eds)

**Topic 7: Was there a Southeast Asian model?**

**Topic 8: Tarnished 'miracle': causes and consequences of the regional crisis**
Beeson, Mark, 2006. 'South-East Asia and the International Financial Institutions’, ch. 9 in Rodan et al. (eds).

**ASSESSMENT**

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<th>Component</th>
<th>Weight</th>
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<tr>
<td>Exam</td>
<td>70%</td>
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<tr>
<td>Project report</td>
<td>20%</td>
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<tr>
<td>Seminar participation and presentation</td>
<td>10%</td>
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- The **EXAMINATION** (70% of total) will consist of a two hour paper in which students will be required to answer *three questions*.

  The rationale for this examination is twofold:
  1. to ensure that each student has covered the unit content adequately;
  2. to ensure that students are able to express what they have learned in their own words.

  It is **very important** to note that you cannot pass the unit unless you pass the exam.

  The University Examination period in First Half Year 2005 is from 13 to 29 June.

- The **PROJECT REPORT** (20% of total) will be of about 2000 words. It is due on **Monday 16 April**. Excessive length will be penalised proportionately.

  Your section of the report must clearly indicate to which team you belong and your section number in the report. Details to be distributed separately.

  These papers are to be submitted by two methods:

  1. Hard copy to assignment boxes in ERIC before closing time on the due date.
  2. Electronic version via Turnitin. Go to [www.turnitin.com](http://www.turnitin.com) and click on ‘create a user profile’. Then select ‘student’ from the drop down menu and follow the steps. The class ID number is **1828021** and the password is **sukarno**. You use these to establish an account for ECON349. Note that passwords are case sensitive, so type it exactly as it appears here. You will then get your own user ID and password.

  Both versions **must** be submitted by the due date. Both versions must be identical.

  Extensions of time may be granted for medical or compassionate reasons, at the discretion of the unit convenor. Written evidence of the extension must be attached to the hard copy of the essay when it is submitted. Late papers (without an extension) will be penalised at the rate of 1% of the available marks per day (so an essay that is 15 days late will receive no marks).

  The topic and further details about the project will be supplied separately.

  Marks will be awarded for:

  - presentation of a coherent, logical argument;
  - structure of the paper;
  - evidence of critical analysis of the sources used;
  - evidence of ability to apply economic analysis and methods;
  - use of evidence (including data, or quotation from sources) in support of the argument;
presentation – this means tidy and readable text with adequate margins and spacing, clear paragraphing and use of subheadings where necessary. If in doubt, consult the essay writing guidelines.

Marks will be deducted for:
- plagiarism (please note that this includes not referencing your sources according to one of the accepted methods).
- failure to submit identical versions by the due date.

Reports will be returned not more than a month after the due date or one week after the longest extension granted.

The rationale for the essay consists of:
1. enabling students to cover at least one part of the unit in greater depth than is possible in lectures/exams.
2. gaining practice at the important skill of report/essay writing.
3. gaining practice at working in teams.

In relation to (2) above, please read the essay writing guidelines for this unit carefully and study the University’s policy on plagiarism (see below under PLAGIARISM).

TUTORIAL ASSESSMENT (10% of total).

Participation marks will be awarded according to the level and quality of your participation. Mere attendance is insufficient to earn marks.

Marks will be deducted for non-attendance (1 mark per class missed). Leave of absence may be granted upon the production of good evidence. Otherwise you will need to make up for lost marks by the quality of your participation and presentation.

Presentation marks will be awarded on the basis of your ability to communicate an argument to the other students. Your presentation needs to be succinct, be clearly linked to the presentations of others in your group, not consist of tiny print on overhead projections that are illegible to the class, not be aimed at your feet or the whiteboard rather than the audience, not be too long or too short.

Individual presentations must not be more than 5 minutes long. All presenters will be stopped at 5 minutes and marks will be awarded only on the basis of what has been presented to that point.

Marks will be awarded for:
- coherent and succinct argument in response to specific question(s);
- structure of presentation;
- good content;
- quality of presentation (high tech not important);

Marks will be deducted for:
- failure to present (5 marks).

Rationale for these assessments:
- practice in presenting to an audience (communication skills);
- practice at working in teams;
- practice at expressing ideas in public.

UNIVERSITY POLICY ON PLAGIARISM

The University defines plagiarism in its rules: ‘Plagiarism involves using the work of another person and presenting it as one’s own.’ Plagiarism is a serious breach of the University’s
rules and carries significant penalties. You must read the University’s practices and procedures on plagiarism. These can be found in the Handbook of Undergraduate Studies or on the web at: http://www.student.mq.edu.au/plagarism/

The policies and procedures explain what plagiarism is, how to avoid it, the procedures that will be taken in cases of suspected plagiarism, and the penalties if you are found guilty. Penalties may include a deduction of marks, failure in the unit, and/or referral to the University Discipline Committee.

UNIVERSITY POLICY ON GRADING

The Academic Senate has a set of guidelines on the distribution of grades across the range from fail to high distinction. Your final result will include one of these grades plus a standardised numerical grade (SNG).

On occasion your raw mark for a unit (i.e. the total of your marks for each assessment item) may not be the same as the SNG which you receive. Under the senate guidelines, results may be scaled to ensure that there is a degree of comparability across the university, so that units with the same past performances of their students should receive similar results.

It is important that you realize that the policy does not require that a minimum of students be failed in any unit. In fact it does something like the opposite, in requiring examiners to explain their actions if more than 20% of students fail in a unit.

The process of scaling does not change the order of marks among students. A student who receives a higher raw mark than another will also receive a higher final scaled mark.


UNIVERSITY POLICY ON EXAMS

You are expected to present yourself for examination at the time and place designated in the University Examination Timetable. The timetable will be available in Draft form approximately eight weeks before the commencement of the examinations and in Final form approximately four weeks before the commencement of the examinations. http://www.timetables.mq.edu.au/exam

The only exception to not sitting an examination at the designated time is because of documented illness or unavoidable disruption. In these circumstances you may wish to consider applying for Special Consideration. Information about unavoidable disruption and the special consideration process is available at http://www.reg.mq.edu.au/Forms/APSCon.pdf

If a Supplementary Examination is granted as a result of the Special Consideration process the examination will be scheduled after the conclusion of the official examination period.

You are advised that it is Macquarie University policy not to set early examinations for individuals or groups of students. All students are expected to ensure that they are available until the end of the teaching semester, that is the final day of the official examination period.

STUDENT SUPPORT SERVICES

Macquarie University provides a range of Academic Student Support Services. Details of these services can be accessed at http://www.student.mq.edu.au.