

Course ID Number: REC 5540

Course Title: Trade Development, and the Asia-pacific Economy

No. of Credits: 2 credits

Graduate School of International Relations
International University of Japan

Winter 2012

Instructor: Kaliappa Kalirajan

Course Introduction

Using the ‘evidence based’ approach, this course provides necessary inputs to understand the sources of economic growth, international trade, and globalization mainly from the policy perspective of developing countries in the Asia Pacific region. It is more of a policy-analysis course than a pure theoretical course. Drawing on the most relevant theories, this course will answer important development questions of “How do some countries grow faster than others? What are the sources of growth? Why do governments in developing countries follow the so called restrictive trade policies? Has globalization contributed to reduction in poverty across developing countries? The course will discuss in details some of the important analytical methodologies that are followed in the literature to answer the above questions empirically. Though lecture notes in the form of power point presentations are given, students need to read the papers included in the readings suggested below. Active participation from students in terms of discussion is expected.

Trade, Development and the Asia-Pacific Economy

Course Description

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Exercises in terms of multiple choice questions will be given. Students need not submit the answers to the lecturer and these exercises do not carry any marks towards the final examination.

There will be a final 2-hours examination at the end of the course. The examination consists of Part A with 20 multiple choice questions and Part B with 2 short essay questions.

Learning Outcomes

On successful completion of this course, students have the knowledge and empirical skills to:

- Identify and measure the sources of economic growth.
- Evaluate the welfare effects of alternative trade policies.
- Examine the impact of globalization on poverty reduction.

Course Structure

A three-hour (two periods) lecture per week.

Week/day/ session	topic	lecturer
week 1	Achieved levels of growth across the Asia-Pacific – Sources of Growth – Measurement of sources of growth.	Kalirajan
week 2	Agriculture-technology nexus - Comparative growth experiences of Indian States and Chinese Provinces.	Kalirajan
week 3	Export-led growth in the Asia-Pacific – Services-led growth in South Asia – gravity models for trade flows.	Kalirajan
week 4	Trade policy: Analyses of impact of tariffs and export subsidies on welfare of importing and exporting countries.	Kalirajan
week 5	Industrial clusters – globalization – poverty reduction in the Asia Pacific.	Kalirajan

Topics and Readings

Week 1

Sources of growth and Measurements of sources of growth –

Chia-Hung Sun and Kaliappa Kalirajan. (2005). “Gauging the Sources of Growth of High-tech and Low-tech Industries: The Case of Korean Manufacturing”, *Australian Economic Papers*, pp.170-185, June.

K.P. Kalirajan and S. Bhide. (2004). “The Post-reform Performance of the Manufacturing Sector in India”, *Asian Economic Papers*, 3(2):126-157.

Gaofeng Han, Kaliappa Kalirajan and Nirvikar Singh. (2002). “Productivity and Economic Growth in East Asia: Innovation, Efficiency, and Accumulation”, *Japan and the World Economy*, 14: 401-424.

Week 2

Agriculture-technology nexus - Comparative growth experiences of Indian States and Chinese Provinces –

Keiji Otsuka and Kaliappa Kalirajan (2008), 'Technology Issues in Developing Countries' Agriculture', in K. Otsuka and K. Kalirajan (eds.), *Agriculture in Developing Countries*, pp. 17-27, New Delhi and London: Sage Publications.

S. Chaudhuri and M. Ravallion (2007), 'Partially Awakened Giants: Uneven Growth in China and India' in L.A. Winters and S. Yusuf (eds.) *Dancing with Giants: China, India and the Global Economy*, Washington, D.C.: The World Bank, pp.1-34.

B. Bosworth and S.M. Collins. (2007). 'Accounting for Growth: Comparing China and India', NBER Working Paper No. 12943, Cambridge: NBER.

Week 3

Export-led growth in the Asia-Pacific – Services-led growth in South Asia. -

Amiti, Mary and Caroline Freund. (2008). 'The Anatomy of China's Export Growth', Policy Research Working Paper series No. 4628, Washington, D.C.:The World Bank.

Kaliappa Kalirajan (2010). 'Service-Sector led Growth in India: Outcomes and Opportunities' in MoonJoong TCHA (ed) *The Service Sector Advancement: Issues and Implications for the Korean Economy*, pp. 132-151, Seoul: Korea Development Institute.

Kaliappa Kalirajan (2008). "Gravity model specification and estimation: revisited," *Applied Economics Letters*, vol. 15(13), pages 1037-1039.

Week 4

Trade policy: Analyses of impact of tariffs and export subsidies on welfare of importing and exporting countries –

Imran Ullah Khan and Kaliappa Kalirajan (2011), "The impact of trade costs on exports: An empirical modelling", *Economic Modelling*, 28(3): 1341-1347.

Paul Krugman and Maurice Obstfeld (2009), *International Economics: Theory and Policy*, Eighth Edition, Chapter 8, pp. 182-204, Sydney: Addison-Wiley.

Week 5

Industrial clusters – globalization – poverty reduction in the Asia Pacific –

Kaliappa Kalirajan and Kanhaiya Singh. (2009). "The Pace of Poverty Reduction Across the Globe: An Exploratory Analysis", *International Journal of Social Economics*, 36(6).

T. Sonobe and K. Otsuka (2011), 'Introduction' and 'Conclusion' in T. Sonobe and K. Otsuka (2011), *Cluster based Industrial Development*, London: Palgrave Macmillan.

Reference Books

P. Krugman and M. Obstfeld (2009), *International Economics: Theory and Policy*, Eighth Edition, Sydney: Addison-Wiley.

K.P. Kalirajan, R.T. Shand, and S. Bhide (2010), *Strategies for Achieving Sustained High Economic Growth: The case of Indian States*, New Delhi and London: Sage Publications.

T. Sonobe and K. Otsuka (2011), *Cluster based Industrial Development*, London: Palgrave Macmillan.