Economics 4494/5494

Economic History of Developing Areas

Part I: Asia

IMPORTANT: BEFORE COMMITTING YOURSELF TO THIS COURSE, PLEASE READ THIS ANNOUNCEMENT CAREFULLY. THIS COURSE IS DIFFERENT FROM THE USUAL UNIVERSITY FARE. PLEASE BE SURE IT IS WHAT YOU WANT.

"Economic History of Developing Areas" offers students an opportunity to work with a professor in the preparation of a book. For seventeen years Mr. Powelson has been developing a new theory of economic development, in a book to be called *The Prime, Universal Forces of Economic Development*, volumes 1 and 2. Twelve chapters of volume 1 are now ready in draft form, as well as abstracts of proposed chapters for volume 2. A description is found in the draft preface, attached.

Students will be asked to read those twelve chapters already completed and the abstracts and to comment on them in class. Critical reviews are needed more than endorsements.

Students will also read other materials that Mr. Powelson has published. Both the manuscript and copies of these other works are available at Kinko's on College Avenue, in bin CV-19.

In addition, each student is asked to do one (not both) of the following:

1. Select one country or geographic area in Asia for your specialization. Prepare your own reading list on that area, using the CARL computerized catalogue in Norlin Library. Count on reading about 1,000 pages in addition to the Kinko Xerox material. For example, choose among Japan, China, India, and southeast Asia. Alternatively, choose a smaller area, such as Burma, Laos, Cambodia, Vietnam, Taiwan, Korea, or a part of India, China, etc. When your area comes up for discussion in class, you will be called on as a resource person.

2. Select a theory of economic development that may conflict with or complement Mr. Powelson's theory. For example, choose among Toynbee, Marx, John Stuart Mill, or Max Weber. If you choose someone besides one of these four, check with Mr. Powelson first. Be prepared to debate Mr. Powelson's theory of economic development from the context of the theorist you have chosen. It
does not matter whom, if anyone, you agree with personally. You should be prepared to defend (for example) Marx's system as Marx might have done had he confronted Powelson's theory.

The students and the professor are all expected to learn from one another in this course. It is not a one-way street!!

Caveats

1. There will be no lectures. All class time will be spent in discussion. In each meeting, the discussion topic of the next will be announced, if it has not been announced earlier.

2. Each meeting will require specific reading, which each student will be expected to have done at the time. If you are accustomed to doing all your reading at the end of the semester and cannot shake that habit, please take some other course.

3. You will be expected to be an expert on the area or theorist you have chosen, by the time your subject comes up for class discussion. This means that some of you will have to get on with your reading early and have most of it done within the first few weeks.

4. You will be expected to attend EVERY MEETING of the class (except for force majeure) because you are excited by it and want to attend. If your interest is perfunctory, or if you are taking this course solely to meet some requirement, or if you are a midweek skier or basketball player who will be away frequently, it would be to your advantage to sign up for a different course.

Other Requirements, and Grading

Much to the regret of your professor, it will be necessary to present a grade for each student at the end of the semester. This grade will be based, in part, on the material you have presented individually. For this, you have the following choices:

(1) You may prepare a series of short papers as the course progresses, on different aspects of the area or theorist that you have chosen. Write as much or as little as you need, to make your points. As a working model, you might think of writing about 30 pages divided into two to six papers.

(2) You may prepare a single paper, to be submitted before the end of the semester, on the area or theorist you have chosen. Again, write as much or as little as you need, to make your points. But as a working model, you might think in terms of about 30 pages.
(3) You may take a final examination, with questions relating to the area or theory of your choice. This examination may be either written or oral; your choice.

Whichever of the above you choose, your work will be expected to be analytical, not simply descriptive. Choose a problem or an unanswered question, and show how you deal with it.

There is nothing you can say in class that will in any way diminish your grade. There is no such thing as a "stupid" question or comment. On the other hand, your classroom discussion might increase your grade, if you are especially perceptive or have innovative ideas. On the third hand, the student who talks a lot, specifically to increase his or her grade, is easily diagnosed and not appreciated. Recommendation: Forget about your grade and act natural.

You will find it impossible to take this course and say nothing in class. At the least, you will be asked to talk about your individual reading. The shy student, who says little, may receive a grade entirely based on the report(s) or examination. Since there is no penalty for this condition, the full range of grades is open, from A to F. For students who participate more, the minimum grade will be the one received for paper(s) or examination, but it may be increased by quality of discussion.

Incidental Information

1. Each time the class meets, the students who arrive first are requested kindly to re-arrange the chairs in a circle or in two concentric circles, to facilitate discussion. At the end of the hour, students who do not have to leave immediately are asked kindly to return the chairs to their regular classroom position. Each re-arrangement requires only a few minutes.

2. Since Mr. Powelson's working office is at home, he does not maintain office hours on campus. But he is available to students by appointment at all times. No student should feel inhibited to call him or go to see him in his home. Phone is 449-4060. Directions to house: Go south on 15th from Broadway; cross Baseline; continue to end of 15th and turn right on Bellevue. Immediately after Sierra (on left), look for 3 mailboxes on left of Bellevue, with Powelson name on the middle one. Look up the hill. You will see three houses on a single drive. Powelson house (unpainted cedar) is the middle one as seen from the bottom (or the right-hand house of the upper two). This is a 20-minute walk from the Economics Building, or five minutes by car.

3. In case a student should supply an idea or do some work that ends up being included in the book, proper acknowledgment will be made, just as if the material had been quoted from a published article.
4. This is the first half of a full-year course. The second semester (Economics 4504/5504) will cover Comparative History of Economic Development: Middle East, Africa, and Latin America. It will be conducted in a manner similar to that of the present semester.

5. So that material common to the two courses will not have to be covered twice, the present course (Economics 4494/5494) is a prerequisite for Economics 4504/5504 in the spring semester. This prerequisite may be waived if a student is willing to do extra reading to catch up.

6. Because Mr. Powelson will retire at the end of the current academic year, neither course will be given next year and may not ever be given again.
Preface

This book presents a new theory of economic development, in which economic precepts are tested historically. It draws on previously-recognized but unappreciated similarities in the histories of Japan and northwestern Europe. Existing long before these two areas communicated with each other, these similarities become the building blocks of the "pluralism/leverage" theory.

The Japanese-European experiences are tested against other areas. Explanations consistent with the pluralism/leverage theory are found for the following:

Why the Third World is less developed today; why eastern and southern Europe lagged behind northwestern; why the Italian city states blossomed in the fifteenth century but then fell back relatively; why China is poorer than Japan; why the "four dragons" (Taiwan, South Korea, Hong Kong, and Singapore) are doing well today. Like the other misnamed "miracle" (the Japanese), the roots of today's "German miracle" lie in earlier centuries.

The pluralism/leverage theory holds that economic development is promoted when a society is composed of many corporate groups, with a relative balance of power among them. Groups negotiate and cooperate with each other while holding each other accountable for an efficient use of resources. Entrepreneurship, capital formation, education, skilled labor, and liberal economic policies - mainstays of other theories - follow from this condition. While they may be universal forces of economic development, they are not prime.

Societies form the requisite groups only when they encounter situations forcing them to do so for survival. This happened, it is argued, in northwestern Europe and Japan in the middle ages. As stronger groups (kings, nobles, wealthy patricians) compete with each other for power, weaker ones (peasants, laborers) ally themselves with one or more stronger, trading their support for a bigger voice in social decisions. Repeated use of this leverage promotes inter-group balance of power, paving the way for liberal economics and political democracy.
In the final chapter, the pluralism/leverage theory is addressed to the end of the twentieth century. Most of Africa, Latin America, and Asia - especially China - are a long way from the requisite pluralism. The four dragons will ape the decline of the Italian city states unless they encounter a pluralism crisis. But in eastern Europe corporate groups are already visible. If history is a guide, however, the present leaders will long be gone before the crisis subsides.

Unfortunately, the pluralism/leverage theory predicts a negative for current international efforts. Future historians will relegate "structural adjustment" to the dustbins that now house Peter the Great's modernization of Russia, Turkey's Tanzimat, and British attempts to anglicize India. Like socialism, these approaches counteract pluralism by further empowering those very groups - third-world governments - that already dominate. It is not the policies they are cajoled into adopting for the moment but the power imbalance that counts in the long run.
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THE PRIME, UNIVERSAL FORCES OF ECONOMIC DEVELOPMENT
by John P. Powelson
In two volumes

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Power, Pluralism, and Leverage

1. Outline of the Theory*
2. Japan*
3. Analysis of Japanese Development*
4. Northwestern Europe: Pluralism and the Dispersion of Power*
5. Northwestern Europe: Negotiation, Cooperation, and Compromise*
6. Law in Northwestern Europe: Comparisons with Japan*
7. Africa I: Trade, Entrepreneurship, Pluralism, and Leverage*
8. Africa II: Wars, Slavery, Colonialism, and Institutions*
9. Africa III: The Present Crisis*
10. India*
11. China I: Pluralism and Leverage*
12. China II: War, Institutions, and Reform*
13. Spain and Italy
15. Eastern Europe
16. Latin America
17. Germany
18. The End of the Twentieth Century

*Chapters now available in draft form.
Volume Two: Characteristics and Qualities

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4. Compromise, Negotiation, and Cooperation#
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7. Taxes#
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21. Communication and Future vision#
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27. Is the Theory Wrong?#
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29. Conclusion

#Precis of chapter has been written.
Because of its length, "Volume 2" may turn into Volumes 2 and 3.