



Individual Assignment - Case Study

Spring 2018

Module : Business Economics (BUSS 1005)

STUDENT NUMBER

Level: 2

Maximum Marks: 100

Duration: 4 weeks

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Instructions:

- Students are required to read carefully and understand the case provided.
- There are three questions to be attempted. Answer all questions.
- This is an open book assignment, where students are required to respond to the given task questions with sufficient information.

TAIWANS SUCCESS STORY

Taiwan is one of the four East Asian "tigers," or "mini-dragons," whose dramatic economic successes of recent decades, along with South Korea, Singapore, and Hong Kong, have influenced the way economists think about development. With a population of about 22 million, Taiwan is a mountainous, 14,000-square-mile island off the coast of China. Taiwan's claim to its status as a "development miracle" is as strong as that of any other economy in the world. The island racked up a measured annual economic growth rate averaging close to 8% over more than four decades. Taiwan grew nearly 10% annually in the widely used benchmark 1965-80 periods, higher than any other reported figure. Despite its now high income status, with a per capita income of \$13,925 in 2000 at market exchange rates (\$22,646 in 2000, at PPP), Taiwan continued to grow, at a rapid rate of 5.7% on average over the 1996-2000 period. Though growth in various countries has occasionally reached rates as high as 14%, and in some regions as high as 25% or more, Taiwan's average growth performance is the highest ever recorded over such a long stretch of time. In the postwar period, Taiwan has grown from an impoverished annual per capita income of just \$100, to the prosperous society it is today. At least as important, Taiwan has achieved universal elementary and middle school education (nine years are mandatory), a healthy population with a life expectancy of 75 years, and an infant mortality rate of only five per thousand. Absolute poverty has been essentially eliminated, there is very little unemployment, and relative inequality is modest even by developed country standards.

Although not yet really a fully developed economy and society, Taiwan has had to adjust to some of the changes that face economies that have reached the threshold of high-income status. There has been “hollowing out” of basic manufacturing, as plants have moved to mainland China in search of lower-wage labor. Production that has remained has been forced to rapidly shift to high-tech products and processes, in the face of rising competition in basic industries from other developing countries. There has been continued uncertainty about the island’s political future, given poor relations with China, which continues to view Taiwan as a renegade province, but so far the society has adapted. It has also transformed itself into a credibly and competitively democratic polity, with far less corruption and lack of government transparency than either its neighbours’ or than some of its own history. Taiwan thus seems to have achieved almost everything we look for in development. This achievement is in dramatic contrast to many other economies.

Paradoxically, but as is often the case in development studies, the problem is not that we have too few explanations for success or failure, but too many. Taiwan's success in particular has been ascribed to many factors. Here are 14 of the major ones: 1) emphasis on education; 2) extensive infrastructure development; 3) early and thorough land reform; 4) very high rates of savings and investment; 5) a mixture of constructive foreign influences and diffusion of commercial ideas from Japan and the United States; 6) effective government industrial planning; 7) the free market's release of human energies and creativity; 8) the 1960s Vietnam War boom; 9) direct American aid—and Taiwan's use of that aid for investment rather than consumption; 10) the work ethic and productive attitudes of the labor force; 11) a long history as an entrepreneurial culture; 12) the initiation of an export-led growth strategy in the midst of the rapidly expanding world economy of the early 1960s; 13) the movement into entrepreneurship of capable local islanders seeking opportunities for advancement, as they were blocked from the political arena; and 14) the survival instinct: the necessity of economic development as a defense against attack from the mainland (the Peoples' Republic of China).

We will be able to dismiss several of these explanations as major factors, but any of just a few of the remaining factors might appear to offer sufficient explanation for Taiwan's success. In this view, the key is to understand the magnified impact of having many development factors operating successfully at the same time. It results from a combination of an interpretation of the literature and a series of on-site visits and interviews with public and private sector leaders in Taiwan.

Land Reforms: Not burdened by close political ties to landlords, the Taiwan government was politically able to implement a thoroughgoing land-to-the-tiller reform program in the 1950s. Landowners received stock in state-owned enterprises in return for transferring land to peasants. This was a major factor in the extremely rapid growth of agricultural productivity in this period—a crucial foundation for later industrialization.

Very high rates of savings and investment: Capital formation has long been deemed crucial to successful development. Developed countries have much higher levels of capital per head than less developed countries, one of the factors enabling developed countries to enjoy higher productivity and incomes. Taiwan's savings rates were among the highest ever recorded, reaching 30 to 40% in the 1950s and 60s. The savings ethic is deeply rooted in Taiwanese culture. Parents teach children the overriding need to save for a rainy day. This cultural pattern is supplemented by public policies that keep real interest rates for savers relatively high and tax free. Interestingly, like fellow tiger South Korea but unlike Singapore, Taiwan has a relatively low foreign capital share in total investment, High savings and investment is an important factor in development, but not a sufficient one.

Task : Answer ALL questions.

Question 1.

'In early 1960s, Taiwan had GDP per capita and human development levels that placed it among the least developed countries in the world. Subsequent decades saw economic growth and industrialization that not only transformed Taiwan into one of Asia's tiger economies, but also provided an economic model that has been successfully replicated by other regional economies'.

Discuss the key triggers of Taiwan's development and transformation as highlighted in the case study.

(35 marks)

Question 2.

Discuss the pursuit of the Free trade and Liberalization policy, citing the advantages that it has facilitated in contributing to Taiwans' growth and development of its economy.

(25 marks)

Question 3.

Discuss the theory of Comparative advantage highlighting Taiwan's key national competitive advantages that have contributed to its economic growth.

(30 marks)

The assignment consists of 3 questions. The mark for the Individual report will be awarded to one person only.

Important Instructions

1. In-text Citations and Referencing

In answering these questions, students must draw on appropriate academic literature and theoretical perspectives in order to fully support their response. In-text citations and corresponding references are *mandatory* for all the tasks.

2. Word Limit

- Total words count should not exceed 2500 words (plus or minus 10 %).
- 5 % of the marks obtained will be deducted if the report exceeds the word limit.

3. Report Structure should contain;

- ✓ Cover page, which indicates title, names of students, name of instructor and date of submission;
- ✓ Table of contents;
- ✓ Introduction, which briefly describes the objective of the report and structure of the report;
- ✓ Discussion, description of the main points **with proper citations and references**;
- ✓ Conclusions that reveal main findings regarding each point;
- ✓ References using Harvard Style

4. Report Format

The report should be done in Word, font size 12, font style Times New Roman, text color black, colors can be used ONLY in appendices; main body of the report should be black and white.

5. Report Submission and penalty for late submission

Report should be submitted through Moodle on time, any delay in submission will lead to deduction of 5% of the marks obtained for each day up to a maximum of one week.

6. Formative Feedback

Feedback will be provided only **on the proposal submitted**. Submitting the individual assignment for the formative feedback will not be entertained. However, students are requested to contact the instructors for any queries related to assignment any time during the assessment period.

7. Viva

Upon the discretion of the faculty, students may be called for the viva. Failing to appear for VIVA or to respond to the questions asked during VIVA may lead to fail in the assessment.

8. Plagiarism Policy

As per MEC policy, any form of violation of academic integrity will invite severe penalty. Plagiarized documents, in part or in whole, submitted by the students will be subject to this policy.

A. First offence of plagiarism a) a student will be allowed to re-submit the assignment once, within a maximum period of one week. However, a penalty of deduction of 25% of the marks obtained for the resubmitted work will be imposed.

b) **Mark deduction:** When the work is resubmitted, the marking will be undertaken according to the marking criteria. In compliance with this policy, the 25% deduction is then made on the marks obtained. For example, in an assessment that carries a maximum of 50 marks, suppose a student were to obtain 30 marks for the resubmitted work, the final marks for that assessment will be 22.5 (after deducting 25% of the marks actually obtained for the resubmitted work).

c) **Period of resubmission:** The student will have to resubmit the work one week from the date he or she is advised to resubmit. For example, if the formal advice to resubmit was communicated to the student on a Sunday (latest by 5 pm), the student will have to resubmit the work latest by next Sunday 5 pm.

d) If the re-submitted work is also detected to be plagiarized, then the work will be awarded a zero.

e) Resubmission of the work beyond the maximum period of one week will not be accepted and the work will be awarded a zero.

B. Any further offence of plagiarism

a. If any student is again caught in an act of plagiarism during his/her course of study (either in the same module, same semester or in any other semester), the student will directly be awarded zero for the work in which plagiarism is detected. In such cases, the student will not be allowed to re-submit the work.

C. Guidelines

a) Type 1: In case plagiarism is detected in any component or part submission (submitted at different times) of one assessment (assignment), the deduction in marks will be applicable for the whole assessment (assignment), even if only the component or part submission alone needs to be resubmitted.

b) Type 2: In case plagiarism is detected in a group assessment, all students of the group will be considered as having committed an act of plagiarism irrespective of whether plagiarism is on account of the act of all or a few or only one member. The policy will then be applied to all students.

c) Type 3: Combination of Type 1 and Type 2: In case plagiarism is detected in any component or part submission (submitted at different times) of a **group assessment (assignment)**, the deduction in marks will be applicable for the whole assessment (assignment), even if only the component or part submission alone needs to be resubmitted. All students of the group would be considered as having committed an act of plagiarism irrespective of whether plagiarism is on account of the act of all or a few or only one member. The policy will then be applied to all the students of the group.

d) Type 4: Variation of Type 1 and Type 2: In cases where the assessment consists of components or part submissions that could be a group assessment component (e.g. group assignment) and an individual assessment component (e.g. individual reflection), the following will be applicable:

1. If plagiarism is detected in the group assessment component, all students of the group will be considered as having committed an act of plagiarism, irrespective of whether plagiarism is on account of the act of all or a few or only one member. The policy will then be applied to all students of the group. In such cases the group assessment component will be resubmitted as per the policy.
2. If plagiarism is detected in the individual assessment component, the individual assessment component will be resubmitted as per the policy. The policy will then be applied to that student alone.
3. In both cases (a) and/or (b), the deduction in marks will be applicable for the whole assessment (assignment).

D. Amount of similar material

- a) The total amount of similar material in any form of student work from all sources put together should not exceed 30% (including direct quotations).
- b) The total amount of quoted material (direct quotations) in any form of student work from all sources put together should not exceed 10%.
- c) The total amount of similar material in any form of student work from a **single source** should not exceed 7 percent. However, cases having a similarity of less than 7 percent in such cases may still be investigated by the faculty depending on the seriousness of the case.
- d) If faculty member find enough merit in the case of a student work with a similarity (with a single source) of more than 7 percent as not a case of plagiarism, the faculty member should provide detailed comments/remarks to justify the case.

9. Mark Allocation

Evaluation Criteria	Marks Allotted
Proposal Brief Proposal and clear description about the objectives of the assignment and structure of the report	-
<p style="text-align: center;">Question 1.</p> Introduction/ key triggers of Taiwan's development and transformation as highlighted in the case study.	35
<p style="text-align: center;">Question 2</p> Free trade and Liberalization policy, citing the in contributing to Taiwan's' growth and development of its economy.	25
<p style="text-align: center;">Question 3</p> Discuss the theory of Comparative advantage highlighting Taiwan's key national competitive advantages that have contributed to its economic growth	30
<p style="text-align: center;">Conclusion</p> Brief conclusion of the study	10
Format of the Report (Cover page, table of content, font size and style, alignment of the report and Harvard style used in referencing)	
Total Marks	100

*****Please note that MARKS awarded are provisional until approved by the Exam Board**