

## Student Readings

Readings are marked according to the star\* system:

\*\*\* Most Important

\*\* Recommended

\* Optional

### SECTION A: *Economic Performance in East Asian Economies*

The purpose of this section is to introduce the achievements of East Asian economies in comparison to other regions. The first reading provides a good overview.

\*\*\* The World Bank. 1993. "Overview: The Making of a Miracle" In *The East Asian Miracle: Economic Growth and Public Policy*. Oxford UP. (pp.1-26)

This essay provides instructors and students with a basic overview of economic performance in both East Asia and Latin America. The article explains how eight high-performing Asian economies (HPAEs) out-performed other developing countries during the period between 1960 and 1990. This introduction, which includes several helpful tables, covers issues such as rapid growth with equity, public policy, macroeconomic stability, institutional development, and human capital development (such as education).

\*\* The World Bank. 1993. Chapter 1 "Growth, Equity, and Economic Change." In *The East Asian Miracle: Economic Growth and Public Policy*. Oxford UP.

Chapter 1 provides a more detailed explanation of the material discussed in the "Overview." If you have the time and a background in economics, this chapter is highly recommended.

\* The World Bank. 1993. *The East Asian Miracle: Economic Growth and Public Policy*. Oxford UP.

The rest of the book covers in detail the issues raised in the "Overview."

\* Wade, Robert. 1996. "Japan, the World Bank, and the art of paradigm maintenance: The East Asian Miracle in political perspective." *New Left Review* (217), June 1996, pp.3-36

This is an interesting article about the politics involved in producing the World Bank's *The East Asian Miracle* (assigned above). It may help students read the other assignments with a more critical eye.

### SECTION B: *The Issues of Economic Development*

The readings in Section B are divided into four sub-sections (industrialization strategies, historical conditions and international environment, cultural explanations, and developmental state arguments). Instructors should select the readings based on their own interest and expertise. Most of the readings here explicitly compare Asia and Latin America. More specific case studies that do not specifically compare the two regions can be found in Section D below.

### *Industrialization Strategies*

\*\*\* Gereffi, Gary. 1990. "Paths of Industrialization: An Overview." In Gary Gereffi and Donald L. Wyman, Eds. *Manufacturing Miracles: Paths of Industrialization in Latin America and East Asia*. Princeton UP.

More than ten years after publication, this book is still the most comprehensive comparison between East Asia and Latin America. Although this introduction might be a bit difficult for those who have little background in economics, it is essential to understanding the differences between two regions. The Handelman textbook cited above in Section 4 (General Reference for Instructors and Students) should provide sufficient preparation for this reading. This chapter offers a concise comparison of developmental strategies in Latin America and East Asia using the concepts of Import Substituting Industrialization (ISI) and Export Oriented Industrialization (EOI.) Gereffi explains that while Latin America and East Asia pursued a similar strategy at one point in history, there was a critical juncture where they chose different strategies that resulted in vastly different economic performance.

### *Historical Conditions and International Environment*

\*\*\* Evans, Peter. 1987. "Class, State, and Dependence in East Asia: Lessons for Latin Americanists." In Frederic C. Deyo, Ed. *The Political Economy of New Asian Industrialism*. Cornell UP.

This chapter discusses East Asian and Latin American development from a historical and international perspective. Evans argues that the difference in economic performance between these two regions can be explained by differences in class structure, national histories, and international relations. Instructors may want to introduce the basic ideas of dependency theory prior to assigning this reading.

### *Cultural Factors*

\*\*\* Dore, Ronald. 1990. "Reflections on Culture and Social Change" In Gary Gereffi and Donald L. Wyman, Eds. *Manufacturing Miracles: Paths of Industrialization in Latin America and East Asia*. Princeton UP

Examines differences in economic performance between Latin America and Asia from a cultural perspective. Dore's article is another "must read." Instructors may wish to caution students against making overly stark cultural arguments when assigning this reading. Dore manages to maintain a healthy regard for specificity but students may be tempted to venture into stereotypes of "Asians" and "Latins" with this sort of reading.

## *The Developmental State*

The “developmental state argument” has been a heated issue in the discussion of East Asian economic development since the early 1980s. The publication of Chalmers Johnson’s seminal work on the Japanese Ministry of International Trade and Industry (MITI) in 1982 marks the highpoint of this debate. Understanding this debate, which is both controversial and complex, is essential to understanding economic development in Latin America and East Asia. Arguing against neoliberal theories that traced East Asia’s economic development to the emergence of a free market in the region, Johnson asserted that, in Japan at least, the state played a crucial role in sponsoring economic growth.

\*\*\* Evans, Peter. 1989. “Predatory, Developmental and Other Apparatuses: A Comparative Political Economy Perspective on the Third World State.” *Sociological Forum*. Vol. 4. No. 4 1989

Evans argues that successful development owes much to governmental action. He characterizes states as “predatory” (if they do not contribute to national economic development), “developmental” (if they contribute to general economic development), and “in-between” (if they share aspects of both types). The African nation of Zaire is, for example, raised as one example of a “predatory” state. Japan, South Korea, and Taiwan are characterized as “developmental” states. India and Brazil are labeled “in-between”. Evans argues that “embedded autonomy,” by which he means the high degree of separation between state interests and those of powerful businesses, is a key factor in economic development. Such autonomy allows the state to foster a balanced approach to development. The “embedded” aspect of this formulation indicates Evans’s belief that autonomy must be balanced with a certain degree of state connection with the wider business community so that it can acquire up-to-date information from the private sector. Evans argues that it is precisely because this balance between “embeddedness” and “autonomy” is so delicate that so few economies have managed to successfully modernize along the lines of Japan, South Korea, and Taiwan.

\*\* Evans, Peter. 1995. *Embedded Autonomy: States and Industrial Transformation*. Princeton UP.

This book is an updated treatment of the “embedded autonomy” idea that Evans introduced in the 1989 article above. Here, he tests his theory of embedded autonomy using industries in India, South Korea, and Brazil. If you are interested in the high-tech industries of these countries, this book is a must-read. The instructor could assign Evans’s case studies to students or groups and ask the students to report on them.

\*\* Woo-Cumings, Meredith. 1999. “Introduction: Chalmers Johnson and the Politics of Nationalism and Development.” In Meredith Woo-Cumings, Ed. *The Developmental State*. Cornell UP.

Woo-Cumings provides an update of the developmental state debate by discussing various issues related to developmental state theory. The article is a “survey” of the debate as it stands. The rest

of the essays in this book represent an excellent collection of work on the developmental state question.

\*\* Schneider, Ben Ross. 1999. "The Desarrollista State in Brazil and Mexico." In Meredith Woo-Cumings, Ed. *The Developmental State*. Cornell UP.

A prominent scholar of Brazil discusses the political aspects of economic development, with a focus on the role of bureaucracy. Although this chapter is not a comprehensive comparison of Asia and Latin America, he implicitly compares the two regions.

### SECTION C: *The 1997 Asian Financial Crisis*

When some East Asian countries, most notably South Korea, were hit by the 1997 Asian Financial Crisis, which started in Thailand, many neoliberal economists proclaimed the end of the "Asian Miracle." The once-popular comparison between East Asia and Latin America disappeared from major academic discussions after this crisis. However, the 1997 financial crisis did not lead to the type of crisis that Latin American countries experienced in the 1980s. (This period is commonly known as Latin America's "lost decade.") The following works are helpful in understanding the 1997 Asian crisis. This section is not a comparison with Latin America. Some believe that the East Asian miracle ended with the 1997 crisis, and thus believe that the region's history of development has little to offer other than another cautionary tale. This section provides an answer to these concerns. It is important for us to understand the nature of the 1997 economic crisis. Was it fundamental enough to discredit East Asian economic success in the previous decades? Many authors here do not agree. Indeed, Taiwan was hardly affected by this crisis while one of the hardest-hit countries—South Korea—returned to a growth phase in just two short years.

\* Haggard, Stephan. 2000. "Introduction: The Political Economy of the Asian Financial Crisis" In *The Political Economy of the Asian Financial Crisis*. IIE (Institute for International Economics): Washington, D.C.

Haggard argues that industrial policy did not contribute to the Asian Financial crisis. Instead, he argues that the Asian way of economic development needed readjustment and reform to prevent corruption and other non-competitive behaviors produced through rapid economic development. He also points out that international financial institutions such as the IMF failed to adequately intervene during the early phases of the crisis.

\* Pempel, T.J. Ed. 1999. *The Politics of Asian Economic Crisis*. Cornell UP.

This edited volume discusses why some countries, such as Taiwan and China, escaped the crisis while others were hit hard. Contributors address the different political reforms pursued by countries after the crisis.

\* Weiss, Linda. 1998. *The Myth of the Powerless State*. Cornell UP.

Challenging claims of globalization and those who argue that the end of the nation-state system is upon us, Weiss argues that the state plays an even more important role in a globalized economy. She shows how East Asian states have played an important role in negotiating “globalization.”

#### SECTION D: *Individual Country/Case Studies*

The following is a list of books that can be used for further study and/or student projects. Please see the student activities section below for suggested projects and activities.

Due to the nature of this section, readings are not ranked according to the star\* system. Rather, selections should be made according to specific interest.

#### *Comparative*

Dahlman, Carl J. 1992. “Information Technology Strategies: Brazil and the East Asian Newly Industrializing Economies.” In Peter Evans, Claudio Frischtak, and Paulo Basos Tigre, Eds. *High Technology and Third World Industrialization: Brazilian Computer Policy in Comparative Perspective*. University of California Press.

This is an explicit comparison of the computer industry in Brazil and South Korea.

#### *Japan*

Johnson, Chalmers. 1982. *MITI and the Japanese Miracle: The Growth of Industrial Policy, 1925-1975*. Stanford UP.

This is one of the classics in the field of developmental economics. Johnson argues that strong bureaucrats and government-guided industrial policy were key to Japan’s post-war industrial development. Johnson also highlights Japan’s long tradition of government involvement in economic management during the pre-war period.

Samuels, Richard. J. 1994. “*Rich Nation Strong Army*” *National Security and the Technological Transformation of Japan*. Cornell UP.

Samuels argues that the Japanese ideology of “technonationalism,” represented by the “Rich Nation, Strong Army” (Fukoku Kyōhei) motto during the Meiji era, is the foundation of the Japanese mastery of technology. This work focuses on the proximity of military technology and civil technology in Japan.

Friedman, David. 1988. *The Misunderstood Miracle: Industrial Development and Political Change in Japan*. Cornell UP.

In contrast to Chalmers Johnson, Friedman claims that Japanese industrial and technological growth was due to the expansion of small and medium-sized enterprises that did not benefit from MITI’s industrial policies. Friedman provides a case study of the machine-tool industry.

Tyson, Laura D'Andrea. 1992. *Who's Bashing Whom? Trade Conflict in High-Technology Industries*. Institute of International Economics; Washington, D.C.

Tyson argues that by pursuing a "strategic trade policy", a government can create artificial comparative advantage in trade by setting up various tariffs and non-tariff barriers. In the long-term such policies create market distortion, however. In the short term, particularly in high-tech industries where initial entry cost is extremely high, this policy can have a "predatory" effect on rival countries. The author argues that strategic trade policy has allowed Japan to catch up with the United States.

Okimoto, Daniel. 1989. *Between MITI and the Market*. Stanford UP.

Through an examination of the information technology (IT) industry, Okimoto argues that Japanese industrial development was the result of a combination of market and MITI industrial policies.

Lorell, Mark A. 1996. *Troubled Partnership: A History of U.S.-Japan Collaboration*. RAND. (Transaction Publishers).

This book examines U.S.-Japanese conflict over the Japanese government's development of a new fighter jet (the FSX). This is an interesting case because the defense and aircraft industries were among the few industries in which the United States maintained a trade surplus with Japan during the 1980s and early 1990s.

### *South Korea*

Amsden, Alice H. 1989. *Asia's Next Giant: South Korea and Late Industrialization*. Oxford UP.

A classic work on Korean industrial development. Amsden's "getting price wrong" argument stirred a major controversy as it challenged the orthodox market economy economic theories. This book contains case studies of the automobile and computer industries, as well as of the Korean steel industry, which the World Bank incorrectly predicted the failure.

Kim, Linsu. 1997. *Imitation to Innovation: The Dynamics of Korea's Technological Learning*. Harvard Business School Press.

This work provides a detailed account of Korean industrialization and features case studies of a number of industries including car manufacture, electronics, and information technology (IT). Kim also highlights the role of various supporting institutions created by the government.

Kim, Eun Mee. 1997. *Big Business, Strong State: Collusion and Conflict in South Korean Development, 1960-1990*. SUNY Press.

Kim is an authority on South Korean *chaebol*, giant conglomerates akin to Japanese *zaibatsu*. She discusses the impact of these large corporations on Korean economic development and politics.

## *Taiwan*

Gold, Thomas. B. 1986. *State and Society in the Taiwan Miracle*. M.E. Sharpe.

Gold provides an easy-to-read general account of Taiwan's history, political economy and development.

Wade, Robert. 1990. *Governing the Market: Economic Theory and the Role of Government in East Asian Industrialization*. Princeton UP.

Wade provides a theoretically sophisticated and authoritative account of Taiwan's economic development. While the book covers South Korea and Taiwan, his main focus is on Taiwan and its importance to developmental state theory.

## *Brazil/Argentina*

Evans, Peter, Claudio Frischtak, and Paulo Basos Tigre, Eds. *High Technology and Third World Industrialization: Brazilian Computer Policy in Comparative Perspective*. University of California Press.

This collection of essays examines why the Brazilian effort to create a computer industry failed to meet initial expectations.

Adler, Emanuel. 1987. *The Power of Ideology: The Quest for Technological Autonomy in Argentina and Brazil*. University of California Press.

Adler takes a rather optimistic view of the "success" of the Brazilian computer industry. He argues that the pursuit of "technological autonomy" played an important role in the success of the Brazilian computer industry. He argues that the difference between Brazil's "success" and Argentina's "failure" is due to differences in "the power of ideology". Although he may be right about the comparison with Argentina, scholars generally do not consider the Brazilian computer industry a "success." Therefore, an instructor's note is advised if this reading is selected.

Schneider, Ben Ross. 1991. *Politics within the State: Elite Bureaucrats & Industrial Policy in Authoritarian Brazil*. U of Pittsburg Press.

Schneider examines the Brazilian bureaucracy and the success of the steel industry in Brazil. Because the two bureaucracies operate so differently, it might be useful to contrast this reading with either Johnson or Okimoto (see the Japan readings above).

Evans, Peter. 1979. *Dependent Development: The Alliance of Multinational, State, and Local Capital in Brazil*. Princeton UP.

Cardoso, Fernando Henrique and Enzo Faletto. 1979. *Dependency and Development in Latin America*. University of California Press.

These two books are among the best works on dependency theory, which was very influential in the 1970s. Providing an alternative to modernization theory, these authors seek to explain Latin America's difficult industrialization process. The authors' basic argument is that Latin America, located on the "periphery" of the world economic order, will encounter difficulties because of the unbalanced relationship between "core" economies and those on the "periphery." Evans further argues that there is a "triple alliance"—state, multinational firms, and local business elites—that exploits the local people in Brazil. East Asia's development beginning in the 1960s caused many to re-evaluate the ideas outlined in these texts. "Developmental state" theory was one part of this re-evaluation.