



Deepak Nayyar, Jawaharlal Nehru University, New Delhi | Stockholm University | 13 November 2019

Economic development in Asia: Learning from a half-century of Transformations



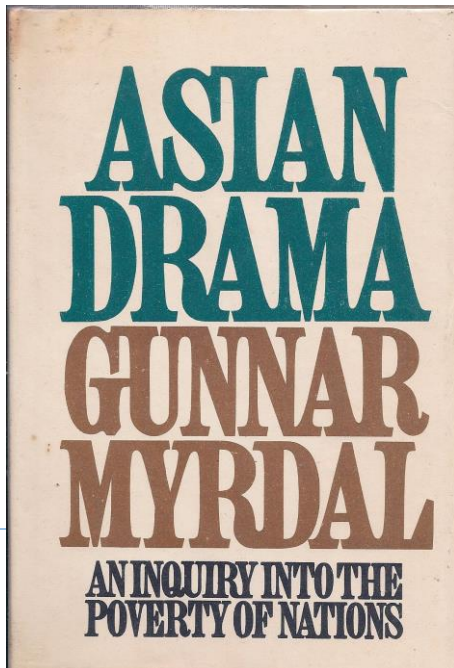
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KARL GUNNAR MYRDAL 1898-1987

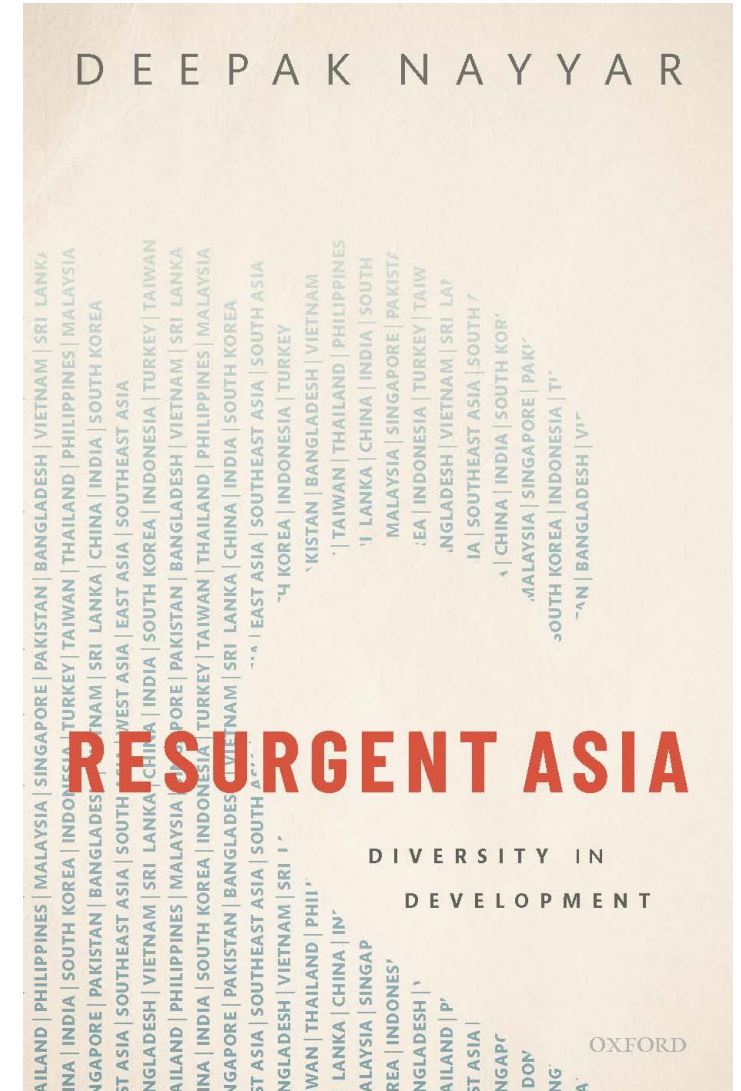
Gunnar Myrdal and Asian Drama

1. The Political Element in the Development of Economic Theory, Stockholm 1930 (Swedish edition), and London 1953 (English edition).
2. An American Dilemma: The Negro Problem and Modern Democracy, Volumes I and II, New York: Harper and Brothers, 1944.
3. Asian Drama: An Inquiry into the Development of Nations, Volumes I, II and III, London: Penguin Books, Allen Lane.



Overview

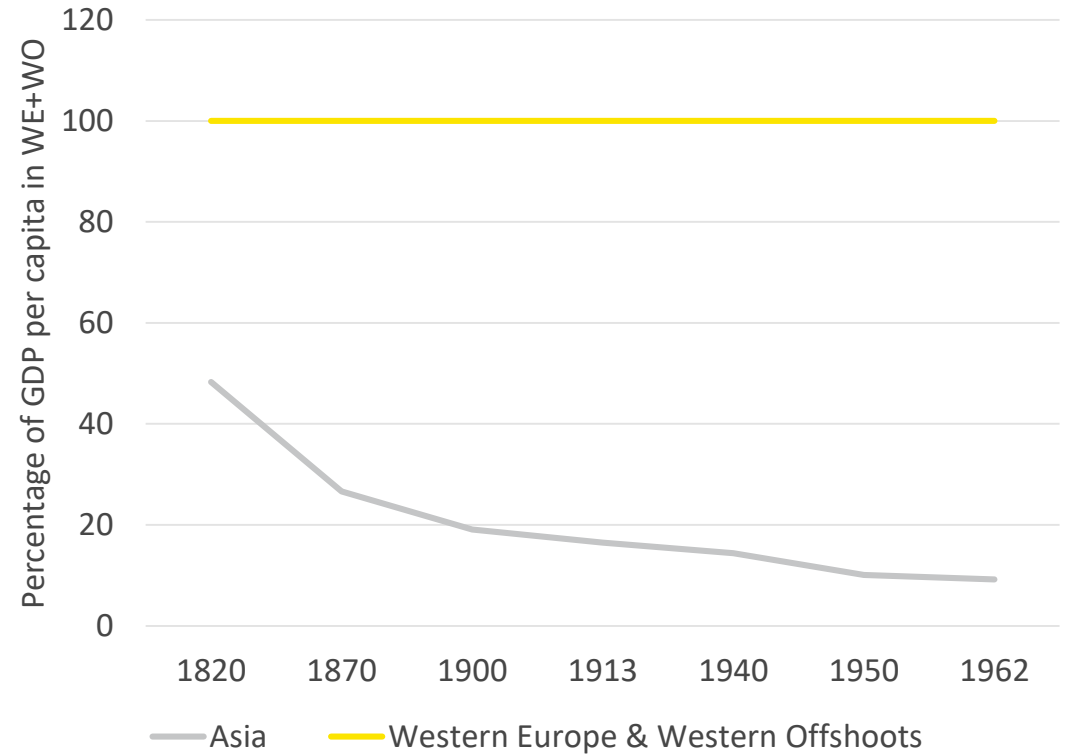
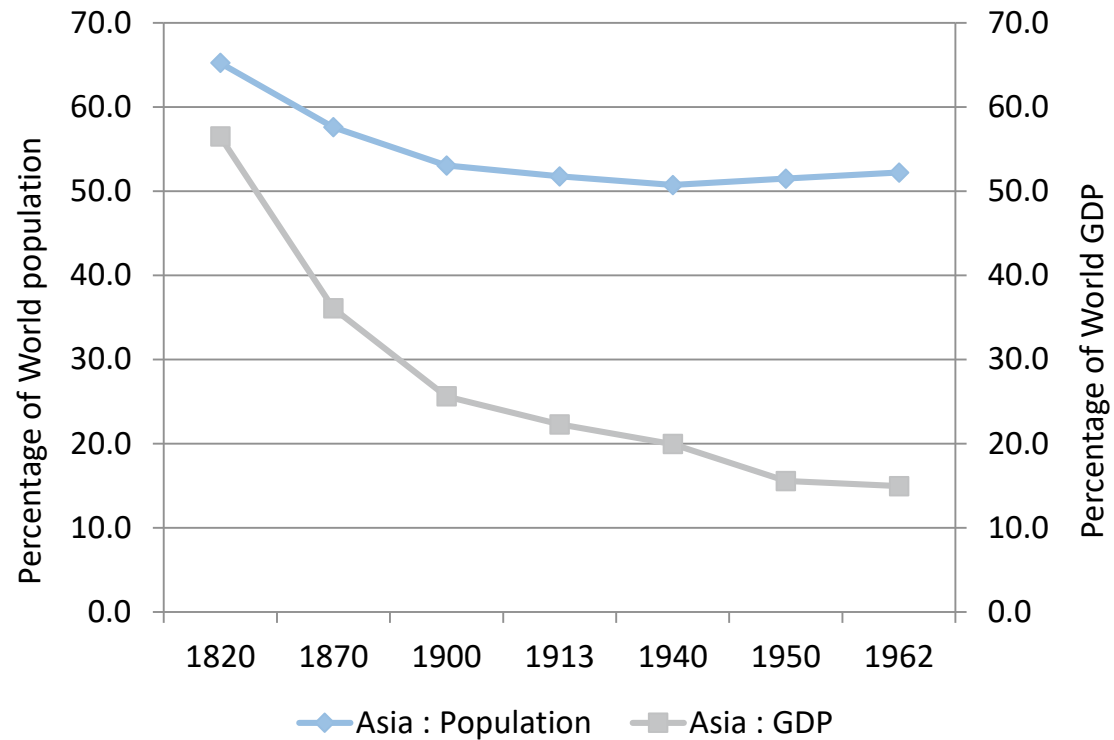
- Historical Perspective and Initial Conditions
- The Rise of Asia
- Macroeconomics of Growth
- Structural Change and Economic Transformation
- Openness and Industrialization
- Markets, Governments and Politics
- Unequal Outcomes for Countries and People
- Asian Development and the World Economy
- Contemplating the Future



1. Historical Perspective and Initial Conditions

- Decline and fall of Asia
- Initial conditions in the early post-colonial era
- Shaping and reshaping of initial conditions

Figure 1 : The Decline and Fall of Asia : 1820-1962

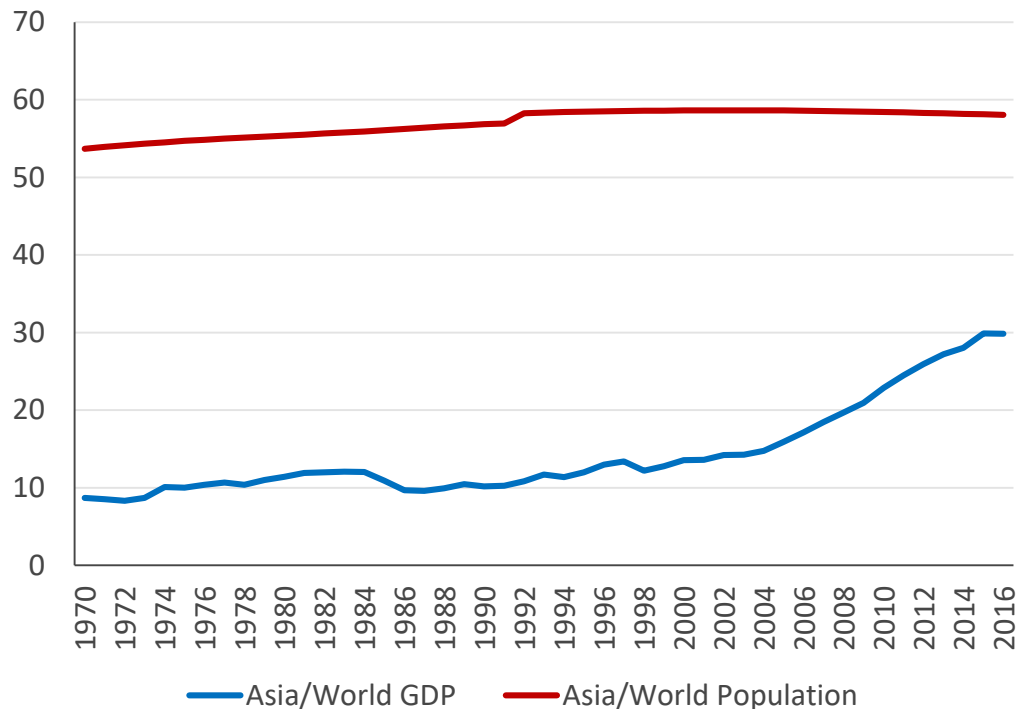


2. The Rise of Asia

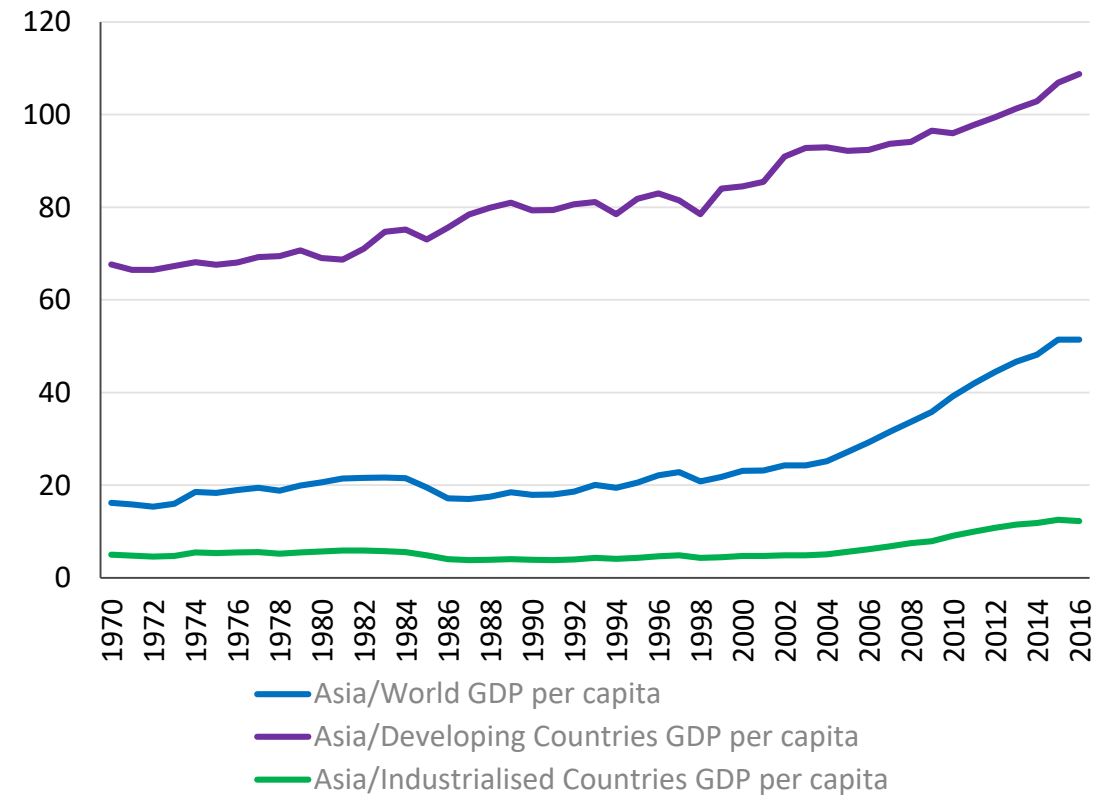
- Share in world GDP
- GDP per capita: from divergence towards convergence
- Share in world manufacturing and trade
- Uneven development among sub-regions

Figure 2: Rising Significance of Asia in the World Economy: 1970-2016 (in percentages)

a. World Population and GDP



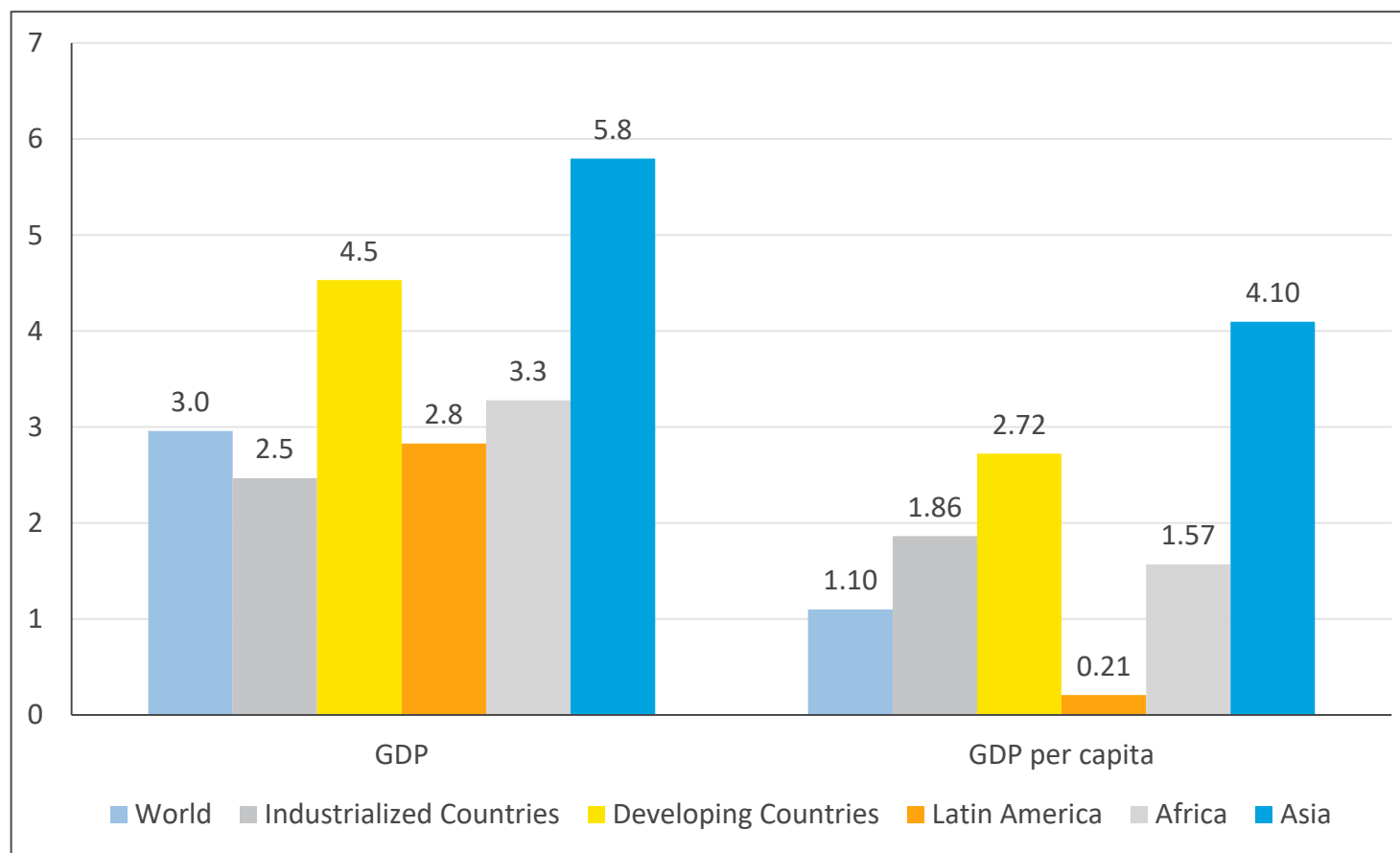
b. GDP per capita



Source: United Nations, National Accounts Statistics and Population Statistics.

Note: The percentages have been calculated.

Figure 3: Growth Rates of GDP and GDP per capita in Asia compared with Country-groups in the World Economy 1971-2016: per cent per annum

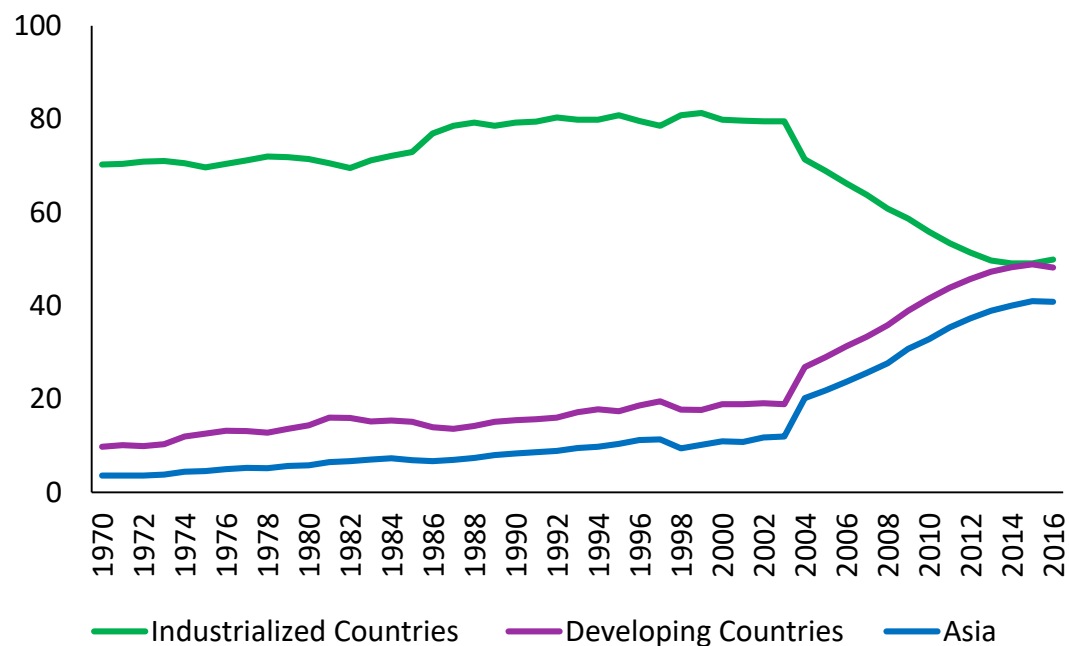


Source: Nayar (2019).

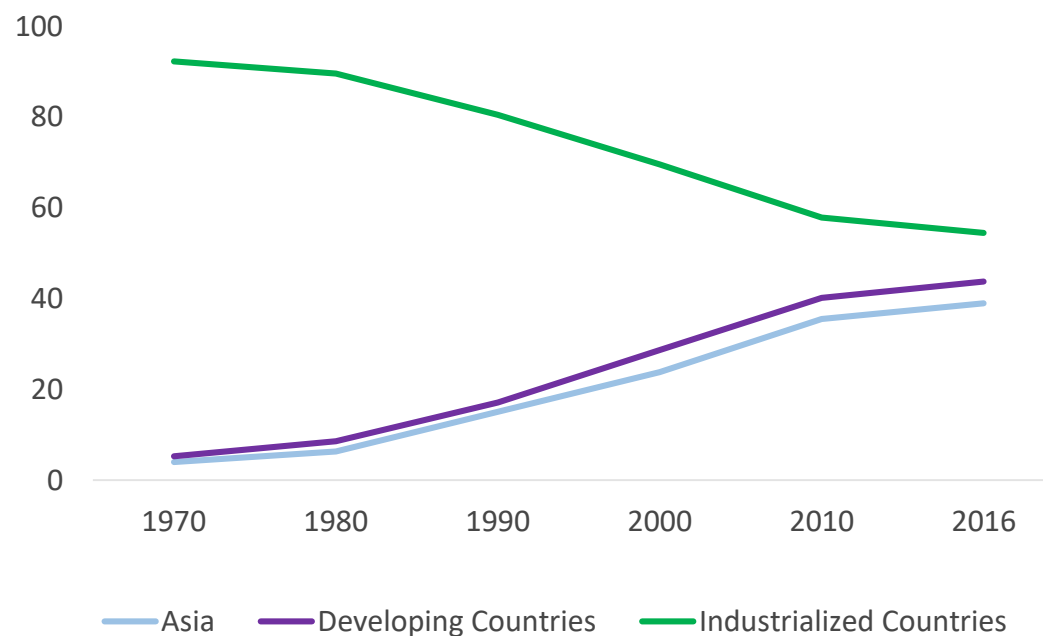


Figure 4: Distribution of World Manufacturing Value Added and Manufactured Exports: 1970-2016 (in percentages)

a. World manufacturing value added



b. World manufactured exports



Source: Nayyar (2019)

3. Macroeconomics of Growth

- Economic growth in the Asian-14
- Supply-side drivers: investment, savings, and education
- Demand-side drivers: private-consumption-expenditure and investment
- Supply-demand interaction: investment-exports-growth nexus
- Macroeconomic objectives and policies

4. Structural Change and Economic Transformation

- Economic growth and structural change: direction of causation
- Different paths to structural transformation: Asian-14
- Uneven and incomplete structural transformation processes

5. Openness and Industrialization

- Contours of openness
- Trajectories of industrialization
- Importance of industrial policy

6. Markets, Governments and Politics

- Critical role of governments
- States and markets: significance of the relationship
- Developmental States in East Asia: the special case
- Countries without developmental states: the norm
- Role of institutionalized checks-and-balances

7. Unequal Outcomes for Countries and People

- Growth, convergence and divergence
- Inequality between countries
- Inequality within countries
- Absolute poverty: massively reduced, yet persists
- Wellbeing of people and development of nations

8. Asia and the World Economy

- Asia and the world: early post-colonial era
- Engagement with the world economy: three specific aspects
- Economic implications for the world: industrialized and developing countries
- International architecture for global governance: voice and influence
- Difficult economic and political conjuncture: uncertain future

9. Contemplating the Future

- Asia circa 2050: projections and forecasts
- Opportunities and challenges for Asia
- Changing balance of economic power: an Asian Century?



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