

## Lecture 8 – November 14

Hirst & Thompson, *Globalization in Question*, ch. 5

1. In Chapter 5, Hirst and Thompson evaluate the prospects for future growth in developing countries. What key domestic political, economic, and social/demographic requirements do Hirst and Thompson identify for future growth? Do you agree with their analysis? Can you think of any other important domestic factors that were not identified by Hirst and Thompson?
2. Hirst and Thompson outline two basic development strategies: 1) a laissez-faire approach of openness to international trade and capital flows, advocated by the United States and other developed countries; 2) an interventionist strategy premised on government regulation of the interaction between the domestic and international economy, along the lines of Asian NICs (newly industrializing countries). Which approach do they support and what arguments do they make to back their position? What kinds of policies with regard to trade, capital flows, and FDI would Hirst and Thompson recommend to the governments of developing countries? Which development strategy do you favor and why? Which strategy do you think is more feasible?
3. According to Hirst and Thompson, opponents of globalization tend to overstate the dangers associated with multinational corporations relocating their operations to developing countries with low wages. Moreover, they suggest that trends in production technology and practice raise the possibility that MNCs may actually begin to reconcentrate their activities in their home country. Are you persuaded by their analysis or do you think they understate the seriousness of the problem?

World Bank, *The East Asian Miracle*, ch. 1-3

1. What are the key characteristics of East Asian growth, according to the World Bank? What factor(s) does the World Bank argue underlies this remarkable growth? What are the alternative explanations that it partially or wholly rejects?
2. What domestic factors and/or developments at the international level are likely to influence the extent to which the "East Asian miracle" can be reproduced in other parts of the world?
3. How important does the World Bank argue macroeconomic stability was to growth in East Asia? How does the report define macroeconomic stability? How much credit do you think this should be given, as opposed to export promotion, as a driver of growth?
4. What economic policies did East Asian governments pursue to encourage exports? According to the World Bank, how did a focus on exports foster economic growth and

development in these countries? What similarities existed in the export promotion strategies of the HPAEs? How did approaches differ across countries? Do you think export-led growth remains a viable development/growth strategy as a whole for developing countries?

J. Mathews and Dong Sung Cho, *Tiger Technology*, pp.29-102

1. What is the authors' explanation for why many Asian economies successfully entered the semiconductor industry in the 1990s? What are the implications of their argument for traditional theories of comparative advantage?
2. Why do they argue Hong Kong did not develop an equivalent industry? Do you find the authors' argument convincing? What other possible explanations are there for this outcome?
3. What characteristics of the world economy make it reasonable, according to the authors, for states to intervene in order to promote particular technologies or industries?
4. What is the difference between the Schumpeterian and neo-classical models of capitalism? Which do you find more convincing as a framework for understanding globalization?
5. Mathews and Cho ask how Korea and Taiwan "were able to overcome such severe disadvantages in terms of knowledge, technologies and access to advanced markets so completely and so quickly, in the face of such overwhelming competitive pressures from incumbent firms?" What key concept do they use to answer this question, and what are its components? What factors do you think would help/hinder their application to other developing countries?

J. Stiglitz and S. Yusuf, *Rethinking the East Asian Miracle*, ch. 9-11.

1. What factors does Woo-Cummings argue are ignored by the World Bank analysis of the "East Asian Miracle?" How, does she argue, do these factors have a systematic effect on growth rates? How do they effect the ability of governments to carry out economic reform? Do you find her argument convincing?
2. What are the key characteristics of the Nippo-Reinish model of corporate governance that Woo-Cummings are found in both China and Japan? How does it differ from the Chinese model? Why does this matter?
3. Lawrence and Weinstein argue that the World Bank ignore the importance of imports in driving productivity gains, and therefore growth, in Japan and Korea. How, do they argue, do imports improve productivity? What are the implications of their argument

for infant industry protection and other forms of government intervention that are designed to spur growth?

4. What factors does Urata argue contributed to rising FDI and trade levels in East Asia? Can these factors be understood through the analytic lens developed by Gourevitch?
5. What effect did rising FDI have on the ways firms organized themselves? What are the implications of this for economic growth in the developed/developing states in the region?