HARNESSING GLOBALIZATION

A REVIEW OF EAST ASIAN CASE HISTORIES

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A REVIEW OF EAST ASIAN CASE HISTORIES

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Preface

Globalization continues to be a vortex of vigorous debate in chancelleries, academia and mass meetings. There is no denying, however, that those East Asian economies which enjoyed the most stunning advances would never have done so in isolation.

This compact volume tries to review the highlights of the East Asian episodes: how globalization is harnessed. Interaction with the technologically advanced societies forms the shared theme. Through trade investment and the movement of people comes the movement of ideas, including technology and information. Japan emerged as the world's second largest economy by this channel. Korea, Taiwan, Hong Kong and Singapore proved that the Japanese record is no fluke. Now by similar means, China has become the workshop of the world. Intra-East Asian transaction bloomed. The early mover transforms the late comer and becomes transformed in return. It has been so between Japan and the rest of East Asia, China included. It is so between all the rest of East Asia, Japan included, and China. Together, the progress made has been larger in East Asia than in West Europe, in the 60 years after World War II.

The story seems well known, but actually not quite. Often times the statistics are presented without the analysis, so that the mechanism remains obscure. Or, theories are advanced, without fully accounting for some crucial facts, which are well known to observers but not in a statistical form which can be formally tested. Or, as a matter of intellectual exchange, the profession rightfully encourages the presentation of stimulating contrarian views, notwithstanding that they might not cover the whole truth. In particular, for East Asian growth, technology acquisition is often a by-product of other transactions such as export trade on the subcontract basis, and adequate analytic treatment is scarce. For these reasons, I have focused my professional attention on this area for the last decade and a half, using conventional tools when possible, parting company with conventional wisdom if necessary and striking out for the less trodden paths as the situation demands.

This volume is part of a larger research program. It includes fifteen papers, selected not only because they cover highlights of the East Asian story, but also because they offer a cogent narrative when taken together. In contrast to material from a monograph, these papers appeared originally as articles for journals and collected volumes for conference proceedings. By nature, they are more densely written, and section by section, the content has passed through more intense attention under peer review process, and benefited more from comments and criticisms by conference participants.

The matching brief notes specially prepared for this volume then round up the picture and supply the context as well as the updated development. On the other hand, in the East Asian saga, where the product cycle first went from Japan to the four “Newly Industrialized Economies” of Korea, Taiwan, Hong Kong and Singapore, and next from these four to Mainland China, an extensive scrutiny of those four economies would also present matters from additional angles. In that regard, readers are encouraged to consult my monograph, *Economic Development in a Globalized Environment, East Asian Evidences* (Kluwer 2004 and Springer 2005, in paperback).

Most of the material I present here originated from two undergraduate courses I taught at Cornell, with some having benefited from the term reports presented by participants in the courses. Later they often were presented in conferences and received critical comments from fellow participants. As a staff at Cornell and a corresponding researcher at the Institute of Economics, Academia Sinica, I also enjoyed stimulating discussions with colleagues in both places. Furthermore, many chapters here are joint projects, and my co-authors have gracefully allowed me to publish them in this volume. As my fellow graduate student and then as my spouse for the last 40 years, Simone Clemhout has been offering me encouragement and comments. While I claim sole propriety to all the imperfections of this volume, I owe all of the above my heart-felt thanks. To my Cornell secretary, Paulette Carlisle, I appreciate her effort in typing many of the essays at one stage or another. To Juliet Lee at World Scientific Publishing and Imperial College Press, I am grateful for her professional support.

Henry Y. Wan, Jr.
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