

International History and Politics

Academic year 2011-2012

The Spread of Industrialization in Asia, Africa and Latin America

HP6 - Spring - Course - 6 ECTS

Wednesdays 14:15-16:00 Room CV 516

Course Description

The spread of industrialization has transformed the world, and continues to do so. This course examines the uneven but dramatic process of industrialization with borrowed (and adapted) technology, from late nineteenth century Japan to contemporary China and India. Drawing also on the experiences of Latin America, Africa and the East Asian 'Tigers', we consider the arguments about the respective roles of the state, domestic and export markets, and large firms in 'late' industrialization; domestic and foreign sources of capital, natural resources and enterprise; the extent to which industrialization in the 'Third World' has been labour rather than 'capital'-intensive, as in Europe; and the recruitment, training and payment of workers, and their collective actions.

> PROFESSOR

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Reception hours:

Tuesdays 15:00-16:00

Thursdays 14:00-15:00

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Reception hours:

Mondays 13:00-14:00

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Structure: The introductory meeting (which will include an introductory mini-lecture) will be followed by three lectures (weeks 2-4) and then nine seminars (weeks 5-13) led by student paper-givers and discussants, before the concluding meeting. There is room for two student papers in each of the nine seminar weeks, implying a maximum of eighteen students on the course. In content, the course will balance comparative studies of themes with more detailed examination of individual regions of the world.

What is asked of students:

1. To participate in the course as a whole: doing the essential reading for each week's topic (including other students' draft papers, when applicable), and coming prepared to question and intervene.
2. Providing written and oral comments on another student's draft paper, to help the author improve it.
3. Researching, writing, presenting, defending and improving your own paper.

Evaluation will be based on:

1. Class preparation and participation (20%).
2. Comment on a fellow student's paper (20%).
3. Presentation and defence of your own draft paper (10%).
4. Final version of your paper, which should be 4-6000 words (50%).

Readings: Are intended to be accessible to those without an economics background. Students are asked to read and reflect before each seminar. Everyone should please read the 'Essential' items, which total about 70 pages per week. If you are discussant in a particular week, or have time to explore the topic further, please also use the 'Further' readings. For your paper, you will need even more readings; please come and discuss these, and your topic and the formulation of your question, in my reception hours.

TOPICS OF THE LECTURES (AND ASSOCIATED DISCUSSIONS)

1. INTRODUCTION: ISSUES AND PERSPECTIVES

A. Organising meeting: introduction to the course, to what is expected of students, including as paper-givers and discussants.

B. Introductory mini-lecture: issues and perspectives. An outline of the spread of industrialisation; key debates and theoretical approaches, including the currently influential rational-choice institutionalism.

2. HOW IT BEGAN: THE INDUSTRIAL REVOLUTION AND THE GREAT DIVERGENCE

This week's lecture and associated discussion will be devoted to the beginning of industrialisation, a subject on which there has been important new research. The British industrial revolution is now widely seen, following Pomeranz, as the marking the beginning, or at least the crucial stage, in the West's economic advance compared to China, after many centuries in which the most economically developed parts of Europe were probably at a similar level, or even behind, their counterparts in Asia. What does this reassessment of the industrial revolution imply for the analysis of the subsequent spread of industrialisation to other regions of the world?

Essential reading

K. Pomeranz, *The Great Divergence: China, Europe, and the Making of the Modern World Economy* (2000), pp. 3-27, 264-9, 283-97. The book that reframed the debate about why industrialisation began in Europe rather than in Asia.

R. Allen, *The British Industrial Revolution in Global Perspective* (2009), pp. 1-22, 135-55, 272-5. Very clearly written. PP. 135-56 ('Why was the Industrial Revolution British?') is the core of Allen's argument, but the other extracts discuss alternative interpretations and provide broader and longer perspective.

Further reading

P. O'Brien, 'Provincializing the Industrial Revolution', *Working Papers of the Global Economic History Network*, 17/06 (2006).

R. Allen, 'Agricultural productivity and rural incomes in England and the Yangtze Delta, c.1620-c.1820', *Economic History Review* 62: 3 (2009), pp. 525-50.

3. 'LATE DEVELOPMENT' IN THEORY AND PRACTICE

We consider the proposition, originally advanced by Gerschenkron, that the industrialisation of even one part of the world alters the incentives, imperatives, opportunities and constraints facing later industrialisers. For Gerschenkron, 'late development' meant industrialisation in the absence of some of the conditions for a spontaneous industrialisation. In this situation, for example, the state may substitute for private enterprise and the market if the latter are as yet unable to provide the entrepreneurship and demand necessary for industrial take-off. For Amsden, 'late development' is simply industrialisation using borrowed technology, and she sees the process rather differently from Gerschenkron: as presupposing a relatively high level of education, and as facilitated by a relatively equal distribution of income. How do their respective arguments look in the context of the experience of late industrialisations, from Meiji Japan to the present?

Essential reading

A. Gerschenkron, 'The approach to European industrialization: a postscript', in his *Economic Backwardness in Historical Perspective: a book of essays* (1962), pp. 5-51 and 353-64.

A. Amsden, 'A theory of government intervention in late industrialization', in L. Putterman & D. Rueschemeyer (eds), *State and Market in Development* (1992), pp. 53-84.

Further reading

G. Austin, first parts and conclusion (pp. 51-60, 68-9) in ‘The developmental state and labour-intensive industrialization: “late development re-considered”’, *Economic History of the Developing Regions*, 25: 1 (2010), pp. 51-74.

G. Toniolo & R. Scylla (eds), *Patterns of European Industrialization* (1991), chs 1 (editors’ introduction, pp. 1-26) & 2 (K. Harley, ‘Substitution for prerequisites: endogenous institutions and comparative economic history’, pp. 29-44). Reviews Gerschenkron’s analysis for Europe in relation to subsequent research.

4. PLURAL ‘PATHS’ OF ECONOMIC DEVELOPMENT

Recently, Sugihara has offered an alternative (or supplement?) to the ‘late development’ perspective. He distinguishes very long-term paths of development, defined by choices of technique and institution in response to persistent differences in factor endowment. Specifically, he identified a Western ‘capital-intensive’ path of development, before, during and after the industrial revolution. He contrasted this with an East Asian ‘labour-intensive’ path, whereby the rice economies of Japan and China favoured labour-absorbing institutions and highly labour-intensive (capital-sparing) methods in agriculture and later also in manufacturing. We need to consider how far this framework works, and whether it can do justice to the experiences of South Asia, Latin America, and Sub-Saharan Africa. The latter, for example, was characterised until very recently by shortage of labour as well as capital.

Essential reading

K. Sugihara, ‘The Second Noel Butlin Lecture: Labour-intensive industrialisation in global history’, *Australian Economic History Review* 47: 2 (2007), pp.121-54. A statement of the Sugihara thesis.

P. Francks, ‘Technical change and industrial growth’, in her *Japanese Economic Development: Theory and Practice* (1992), pp. 173-96. Serves as an advance rejection of the Sugihara thesis.

Further reading

G. Austin, discussion of the Sugihara thesis in pp. 61-9 of ‘The developmental state and labour-intensive industrialization: “late development re-considered”’, *Economic History of the Developing Regions*, 25: 1 (2010), pp. 61-74.

TOPICS FOR THE SEMINARS

NOTE: Most or all of the following eight topics (5-13) will be approached via student papers, The papers may address the problems introduced below, but may also (with the agreement of the teacher) explore rather different – though related – themes. For each week, everyone is asked to read at least 70 pages from the published readings below, and the student papers and commentaries posted online (on Moodle) ahead of the class.

5. THE ORIGINAL ASIAN INDUSTRIALISATION: JAPAN 1868-1937

Supervised by the state following the Meiji Restoration in 1868, Japan became Asia’s first industrial nation. Why was Japan able to respond so quickly and effectively to the challenge of industrialisation? How much did this owe to favourable legacies from the preceding Tokugawa period, which was once seen as anything but economically progressive? We need to consider the roles of agriculture, cheap labour, industrial organisation and the acquisition of colonies in Japanese industrialisation, as well as the role of the state: all controversial topics. What lessons should we draw from the Japanese experience about ‘late development’ and ‘paths of development’?

Essential reading

P. Francks, *Japanese Economic Development: Theory and Practice* (1992), pp.19-52 and 80-88 (on the state), 91-111 and 149-57 (on agriculture), 253-9 (overview). Francks provides a clear synthesis which gives everyone a starting-point for reading student papers on the topic.

NB: Compare with Sugihara’s passages on Japan in last week’s readings.

Further reading

P. Francks, *Japanese Economic Development: Theory and Practice* (1992), pp. 197-252 (on the emergence of an industrial workforce and the structure of industry).

6. LATIN AMERICA TO 1945: EARLY INDUSTRIAL GROWTH AND THE ORIGINS OF IMPORT-SUBSTITUTION POLICIES

It is often forgotten that Brazil, and to a lesser extent Argentina and Mexico, saw significant industrial growth (not yet industrial ‘take-off’) during the pre-1914 era of export-oriented economies. Should this be seen as laying the foundations of subsequent developments, and why – and how effectively – did Latin American governments come to adopt import-substitution policies in the interwar period?

Essential reading

V. Bulmer-Thomas, ‘Export-led growth and the nonexport economy’ [the century to 1914], in his *The Economic History of Latin America Since Independence* (1994), pp. 119-54.

W. Baer, ‘Early industrial growth’ [1880s-1945] in his *The Brazilian Economy: Growth and Development* (6th edition, 2008), pp. 27-48.

Further reading

K. Sokoloff and S. Engerman, ‘Institutions, factor endowments, and paths of development in the New World’, *Journal of Economic Perspectives*, 14: 3 (2000), pp. 217-32. A short statement of a celebrated argument about the long term.

S. Haber (ed.), ‘Financial markets and industrial development: a comparative study of governmental regulation, financial innovation, and industrial structure in Brazil and Mexico, 1840-1930’, in his (ed.), *How Latin America Fell Behind* (1997), pp. 146-78.

7. INDIA UNDER COLONIAL RULE AND UNDER THE ‘LICENCE-PERMIT’ RAJ

It is also often overlooked that India was among the ten largest manufacturers in the world in the 1940s, having experienced considerable growth of modern manufacturing since the late nineteenth century, much of it by Indian firms such as Tata. Was the British economic regime as laissez-faire as it is usually painted, or should its shifts towards selective and then general protectionism in the interwar period be taken seriously? How did the handloom weaving industry manage to survive, and how far did small-scale weavers mechanize? Why did Indian politicians and businessmen decide that protectionism against foreign and domestic competition was essential for industrial development after independence? Conversely, have the economic achievement of the ‘licence-permit Raj’ been underestimated?

Essential reading

T. Roy, *The Economic History of India 1857-1947* (2000), chapters on small- and large-scale industry, pp. 114-89, or in the 2nd edition (2006), pp. 182-264. Revisionist analysis of the colonial period.

V. Balasubramyam, ‘The manufacturing sector’, in his *The Economy of India* (1984), pp. 110-43. An analysis of the achievements and problems of the state-led import-substitution industrialization policy since Independence.

Further reading

R. Chandavarker, ‘Industrialization in India before 1947: conventional approaches and alternative perspectives’, *Modern Asian Studies* 19: 3 (1985), pp. 623-68. Criticises the Gerschenkronian model of ‘late development’ from the perspective of Indian-owned industry in colonial India.

8. THE EAST ASIAN TIGERS: THE SOUTH KOREAN AND TAIWANESE TAKE-OFFS, 1960-c.1985

Japan having been considered a kind of ‘exception that proves the rule’, especially because it was never colonised, it was the spectacular industrialisation of East and Southeast Asian economies, especially South Korea and Taiwan, that showed that industrialisation was possible in Asia even in former colonies. Did Japanese colonialism actually facilitate subsequent industrialisation? What was it about the pattern of state intervention in South Korea and Taiwan that made their interventions much more successful

economically than those of (say) India, Argentina or Ghana? Was the difference technical or political? What, if anything, did it owe to the fact that both South Korea and Taiwan were former Japanese colonies, and were on the front line of the Cold War? What, if anything, did land reforms contribute to their industrialisation?

Essential reading

- A. Amsden, *Asia's Next Giant: South Korea and Late Industrialization* (1989), pp.1-23 ('Industrializing through learning') and pp. 139-55 ('Getting relative prices "wrong": a summary').
- D. Rodrik, 'Getting interventions right: how South Korea and Taiwan grew rich', *Economic Policy: A European Forum*, 20 (1995), pp. 55-107.

Further reading

- A. Booth, 'Initial conditions and miraculous growth: why is Southeast Asia different from Taiwan and South Korea?', in Jomo K. (ed.), *Southeast Asia's Industrialization: Industrial Policy, Capabilities and Sustainability* (2001), pp. 30-58.
- R. Wade, *Governing the Market: Economic Theory and the Role of Government in Industrialization* (1990), pp. 3-51, 297-381.

9. 'DEPENDENT DEVELOPMENT' IN LATIN AMERICA: FROM IMPORT-SUBSTITUTION TO THE 'TRIPLE ALLIANCE' AND THEN ECONOMIC LIBERALISATION

We review successive 'growth models' in Latin America, from 1945 to the present: import-substitution in the context of Structuralist pessimism about the developmental consequences of primary product exports, to the later adoption of more export-oriented and liberal economic regimes. We pay particular attention to the case of Brazil, where the term 'dependent development' was coined to refer to the compatibility of continued domination by foreign, trans-national, enterprises in collaboration with the state and with domestic firms.

Essential Reading

- V. Bulmer-Thomas, 'Inward-looking development in the postwar period', in his *The Economic History of Latin America Since Independence* (1994), pp. 276-307.
- E. Cárdenas, J. Ocampo and R. Thorp, 'Introduction' to their (eds), *An Economic History of Latin America*, vol. 3, *Industrialization and the State in Latin America: the Postwar Years* (2000), pp. 1-35. A good analysis of the rise and demise of the state-led industrialization 'model'.

Further Reading

- E. Fitzgerald, 'ECLA and the theory of import substituting industrialization in Latin America', in E. Cárdenas, J. Ocampo and R. Thorp (eds), *An Economic History of Latin America*, vol. 3, *Industrialization and the State in Latin America: the Postwar Years* (2000), pp. 58-97. Clear, though with a few simple equations.
- P. Evans, *Dependent Development: The Alliance of Multinational, State, and Local Capital in Brazil* (1979), pp. 14-54. Dependency theory revised in the face of the reality of development.
- P. Astorga, A. Berges and V. Fitzgerald, 'The standard of living in Latin America during the twentieth century', *Economic History Review* 58: 4 (2005), pp. 765-96. A quantification of the outcomes.

10. CHINA AND INDIA: THE EMERGING GIANTS

The continuing Chinese industrial take-off is itself reshaping the world economy (and perhaps the world environment), as the more recent Indian one promises to do also. These two industrialisations are not only unprecedented in the vast numbers of people caught up in them, they also destroy widely held assumptions in social science: namely that Communism in China was incompatible with the market, let alone with industrialisation through partly market mechanisms, and that India was destined to a low ('Hindu') rate of economic growth, for cultural and/or historical reasons. What brought about the apparently sudden transformation in each case? How do the forms of business organisation, and the property rights regimes, of these two countries compare to those with which industrialisation occurred elsewhere?

Essential reading

- P. Bardhan, *Awakening Giants, Feet of Clay: Assessing the Economic Rise of China and India* (2010), pp. 1-41.
- Y. Huang, *Capitalism with Chinese Characteristics: Entrepreneurship and the State* (2008), pp. xiii-xviii.
- D. Rodrik & A. Subramanian, 'From 'Hindu growth' to productivity surge: the mystery of the Indian growth transition'. *NBER Working Paper No. 10376* (2004).

Further reading

- L. Brandt and T. Rawski (eds), *China's Great Economic Transformation* (2008), especially the editor's introduction, 'China's economic transformation' (pp. 1-26) and Brandt, Rawski and J. Sutton, 'China's industrial development', pp. 569-632.

11. SUB-SAHARAN AFRICA: FROM INDUSTRIAL GROWTH TO INDUSTRIALISATION?

Given that this region lacked a comparative advantage in manufacturing, and under colonial rule lacked governments with the commitment and resources to invest in moving their economies up the value chain, it is perhaps surprising that there was so much manufacturing in Africa by 1960, or 1980, rather than so little. Settler regimes in South Africa and Southern Rhodesia were willing to use mineral revenues to subsidise manufacturing (from the 1920s and 1930s respectively), but it was only in the second half of the twentieth century that modern manufacturing really began to expand in even a few of the former 'peasant' colonies, notably Nigeria. As in Latin America and South Asia, African governments in the 1960s favoured import-substitution industrialisation. The outcomes are usually, though not always, regarded very pessimistically. But has the liberalisation of economic policies from the 1980s onwards destroyed such 'infant industry' as there was, or – alternatively – has it obliged it to begin to 'grow up'? Has the growth of population in Africa (since the 1920s), and the expansion of education (especially since independence, c.1960) combined to move Africa's comparative advantage towards manufacturing?

Essential Reading

- R. Austen, *African Economic History* (1987), pp. 181-7. Succinct analysis of why the type of colony mattered for manufacturing.
- S. Trapido, 'South Africa in a comparative study of industrialisation', *Journal of Development Studies* 7:3 (1971), pp. 309-20. Prescient.
- J. Sender and S. Smith, *The Development of Capitalism in Africa* (1986), ch. 4, 'Trade, industrialization and the state in the post-colonial period', pp. 67-109. A strong defence of the import-substitution policies.
- T. Forrest, 'The advance of African capital: the growth of Nigerian private enterprises', in F. Stewart, S. Lall and S. Wangwe (eds), *Alternative Development Strategies in Sub-saharan Africa* (1992). A blast of optimism about indigenous enterprise, especially in manufacturing.

Further Reading

- A. Wood and K. Jordan, 'Why does Zimbabwe export manufactures and Uganda not?', *Journal of Development Studies* 37: 2 (2000), pp. 91-116. Draws (among other things) on the difference between settler and peasant colonies, in respect of their legacies for manufacturing.
- F. Teal, 'Why can Mauritius export manufactures and Ghana not?', *The World Economy* 22: 7 (1999), pp. 981-93. Labour costs, uncomfortable but interesting reading.

12. AND 13. COMPARATIVE THEMES

We should devote these two weeks to student papers exploring key issues through a comparison of cases drawn from more than one continent or sub-continent. Possible themes include the political and technical requirements of successful government promotion of industrialisation, evaluation of Amsden's version of the concept of 'late development' and/or of Sugihara's notion of plural 'paths' of development, the effects of colonial pasts on the prospects of industrialisation, the relationship between industrialisation and

democracy, and the industrial development of a part of the world not specifically covered above.

Reading

Readings for the class will be posted on Moodle once the questions which the presenters will address in their papers have been agreed.

14. REVIEW AND REFLECTION

This concluding session will be a conversation about the major patterns and processes discussed in the course, and about their implications for the future. This is an important occasion for tying up loose ends and reflecting on the most important issues. By the time of this session most of you will have submitted the final version of your paper, but the final meeting is an important opportunity to discuss: please come and participate.