Index

Abramovitz, M. 9
Acemoglu, D. 9, 13, 14, 16n, 19n, 34n, 98, 100, 109
Aghion, P. 100
agricultural crisis 106, 113n
agricultural economy, allocation of resources 2
Akamatsu, K. 37n
Allen, R. C. 25
America, discovery of 2
Amsden, A. 40
Asian approach to Washington Consensus 51–2, 54
Aslund, A. 88
automobile industry, and per capita incomes 42–4
autonomy of firms 119–22
see also viability of firms
backwardness 7, 32, 37n, 45, 52, 95
Bairoch, P. 2, 3
Barro, R. J. 7, 51
Bauer, P. T. 28, 36
Baumol, W. 3
Bénassy, J.-P. 115, 117, 118
Bernard, A. B. 105n
Bhagwati, J. 12
Binswanger, H. P. 12
Birdzell, L. E. 3, 7, 9
Bismarck, Otto von 27, 44
black market premium 59–61, 140–6
Blanchard, O. 9, 50
Bockstette, V. 9
Boserup, E. 2n
Brada, J. C. 53
Braudel, F. 3
Burkart, M. 134n

CAD (comparative-advantage-defying) strategy 30–1, 48–9
capital accumulation 35–6
capital investment 32–3
economic growth 65–71
economic volatility 72–3
effects of 57, 77
government intervention 59–65
inappropriateness of 135–6
income distribution 33–4, 73–7
industry/technology policy 41–7
inefficiency of 84
information asymmetry 31–2
transition to CAF strategy 77–80
transition to market economy 88–90
Washington Consensus 52
CAD model of catch-up strategy
depression of interest rates 112–15
factor prices 110–11
firms’ autonomy 119–34
CAD model of catch-up strategy (cont.)
output price distortion 108–10
planned resource allocation 115–19
rationing 117–18
CAF (comparative-advantage-following) strategy
endowment structure and capital accumulation 35–6
industry/technology policy 41–7
prevailing social thought 83, 85
protection 36
see also facilitating state theory
Cai, F. 52, 54n, 55, 55n, 83, 102n, 113n
capital accumulation, and economic development x–xi
capital income, and equity 46, 77
capital market efficiency 118
capitalist triumphalism 49
Chanda, A. 9, 45n
Chang, H. J. 40, 51
Chen, B. 97n
Chen, B. K. 33
Chenery, H. B. 4, 26n
China
automobile industry 43–4
collective township and village enterprises (TVEs) 55
dual-track approach to transition ix, 81, 89–90
first five-year plan 23
individual-household-based farming system 54, 55n
personnel controls 120n
reform of household responsibility system 90–1
state-owned enterprises profitability of 88n
reform of 54–5
traditional culture 8–16
see also NIEs
Cipolla, C. M. 2, 20
Clark, G. 2, 3, 10
colonial rule 21
independence from 22
comparative advantage 29–30
in development policies 82
importance for economic development x–xi, 93–4
in South Korea 84n
see also CAD strategy; CAF strategy
competitive advantage 35–6n
Confucianism 85
Congress Party of India, and industrial development 23–4
corruption 98
and income distribution 75
culture and social capital, as determinant of growth 9–10, 11–12
De Soto, H. 31n
Deininger, K. 73, 74
Deng Xiaoping 16, 48, 85, 86
developing countries
advantage of backwardness 7, 32, 37n, 45, 52, 95
CAF strategy 49
dominant social thought 19, 28, 83, 85
economic development goals 3–4
endowment structure of 29, 34–5
and capital accumulation 35–6
importance of government 93
political leaders’ motivation 17
promotion of industrialisation 4–6, 44
see also CAD strategy; CAF strategy; dual economy model; NIEs
development economics 26–8
development policies ix–x
development state theory 40–1n, 42n
development strategy proxy for 58–9
and trade openness 11
see also CAD strategy
Dewatripont, M. 32n
Dhar, P. N. 23, 27
Diamond, J. M. 9, 85
dirigiste state 41n, 49n
divergence, between North and South 3
Djankov, S. 63, 98n
Dollar, D. 9, 10, 65, 67–9
dual economy model 101–3
with government intervention 108–34
without government intervention 103–8
see also CAD model
Dutt, A. K. 21
Dutt, R. 24
dynamic comparative advantage 41–2n
east Asian gradual approach to transition 89–90
east Asian NIEs and dominant social thought 19
transition to market economy 6–7
triggers for change 10–19
wealth distribution 5–6
Easterly, W. R. 7, 9, 51, 91
eastern Europe failure of reform 87–8
transition and economic performance 6–7
economic development, in pre-modern era 2
Edwards, S. 10
Elvin, M. 20
employment, and technology 46
endowment structure, importance of 93
see also developing countries
Engels, F. 12, 92
Engerman, S. L. 13–14, 19n, 34n, 98
enterprise autonomy 59, 63–4
Ericson, R. E. 100
Esfahani, H. S. 99
European Bank for Reconstruction and Development (EBRD) 6
executive de facto independence 59, 63–4, 140–6
exports, and CAF/CAD strategies 46
expropriation risk 59, 61–3, 140–6
equity 46, 77
facilitating state theory 40, 41n, 45, 49n
factor endowments, and economic development x–xi, 93
and CAF strategy 44
and institutions 13–14
Feenstra, R. C. 3
Fei, J. C. H. 5, 77
financial institutions, government role in 39n, 40
firms, see autonomy; non-viability; viability
fiscal discipline, and shock therapy 50
food shortages 106–7n
foreign direct investment 47n
foreign trade and income distribution 75
Frankel, J. 10, 67
Fraser Institute 61
Friedman, T. 12
Fritz, V. 41n
Frydman, R. C. 53
Gary, W. 53
GDP growth 140–6
Geary–Khamis dollars 4
geography, as determinant of growth 9–11, 69–73
Germany, big-bang approach 81
Gerschenkron, A. 7, 22, 37n
Godo, Y. 7, 44
Gorbachev, M. 90
Gordon, R. 98–9
government industrial policy and development problems 40
importance for economic development 15–16
and upgrading of technology 38–9, 45
government regulation 97–9
reasons for 99–100
grabbing hand 17n, 18n, 98
Great Depression 25n
Great Leap Forward 85
Gregory, P. R. 25
Greif, A. 10
Grossman, G. M. 13, 14, 34n, 98, 119
Groves, T. 54
growth determinants of 8–9
with equity 77
Hall, R. E. 67, 69
Hamid, N. 51
Hanssen, G. D. 103
Harrison, M. 25
Hart, O. D. 119, 126
Hausmann, R. 91
Hayami, Y. 7, 12, 44
heavy-industry-oriented development strategy 27–8
see also CAD strategy
Heckscher, E. F. 29
helping hand 98
Helpman, E. 13, 14, 34n, 98
Hirschman, A. O. 26
Howitt, P. 9
Hu, J. 85
human capital differences between countries 9
and upgrading of technology 38
import substitution 24, 27
imports, and CAF/CAD strategies 46
incentives, role in rural sector 101, 106
income distribution, and CAD strategy 33–4
income gap, between developed and developing countries 2–3
index of economic freedom (IEF) 59, 61–2, 140–6
India automobile industry 43–4
and Hindu equilibrium 86–7
individual-household-based farming system 54, 55n
Industrial Revolution, effect on Eastern countries 20–1
industrial structure, endogeneity of x industrialisation
and colonialisation 21–2
independence from 22–4
and development economics 26–8
role of government 20, 22
inequality index 73–4
infant industry for protection argument 26–7
information asymmetry 32
invention, acquisition by developing countries 36–8
local and private 94–5
upgrading of 38–9
and failure 39–40
institutions conflicts of vested interest 12–13,
14, 34n
as determinant of growth 9–10,
12
dominant social thought 17–19
importance of government strategy
15–16
integration and government policy, as determinant of growth 10,
11
international capital, and investment 47n
International Monetary Fund (IMF) 7, 10, 27, 89
Ito, T. 83
Japan approach to transition 81, 82
automobile industry 42–3
Ministry of International Trade and Industry 43, 44
Jefferson, G. 54
Jiang, Z. 85
Johnson, S. 9, 13, 14, 16n, 19n, 34n
Jones, B. F. 16n
Jones, C. 67, 69
Jones, E. L. 3, 20
Kaufmann, D. 65, 68
Keller, W. 3
Keynes, J. M. 8, 15, 20
Kim, Y. H. 37n
Kolodko, G. W. 53
Kornai, J. 32n, 52n, 87, 100
Kraay, A. 9, 65, 67–9
Krueger, A. O. 4, 26n, 28, 32, 107n, 136n
Krugman, P. R. 9, 30n, 75, 84n
Kuczynsky, M. 24n
Kuo, S. W. Y. 5, 77
Kuznets, S. 2, 3, 7
inverted-U hypothesis 74, 77
labour cost, and equity 46
labour-intensive sectors, development of 78
see also CAD strategy
Panunzi, F. 134n
Park, C. H. 83–4
per capita income
in central/eastern Europe 44, 50–1
in developed and developing
countries 2–3
differences between countries 8–9
Perkins, D. H. 2, 51
physical capital, differences between
countries 9
Pigou, A. C. 98
Pleskovic, B. 53
political equilibrium 13
political leadership
determination of policy 16
grabbing hand 98
influence of dominant social thought
17–19, 22, 28
motivations of 93, 96
security of tenure 16n, 17n
see also industrialisation; market
failure
Political Risk Services 61
Pomeranz, K. 2, 9, 85
Porter, M. E. 35n
pragmatism, and economic transition
85, 94, 95
Prebisch, R. 24
Prescott, E. C. 103
prevailing social thought, and
developing economies 19, 28,
83, 85, 92
east Asian governments 81
and political leaders 93
price distortion 59
see also CAD strategy
price liberalisation, and shock therapy
50
privatisation, and shock therapy 49–50
of SMEs in China 55
productivity, differences between
countries 9
protection of industry 26–7
and CAF strategy 36
and information asymmetry 32
and non-viable enterprises 30–1,
52–4, 94
see also automobile industry
purchasing power parity (PPP),
calculation of 4
Putnam, R. D. 10
Puttermann, L. 9, 45n
Qian, Y. Y. 52, 55
Quesnay, F. 24
Rana, P. 51
Ranis, G. 5, 77, 82, 83
Rapaczynski, A. 53
rationing, in CAD strategy 117–18
Rawski, T. G. 54, 89
Redding, S. J. 41n, 105n
Ren, R. N. 36n, 37n
research and development, in
developed countries 3
Ricardo, D. 29n
Robinson, J. A. 9, 13, 14, 16n, 19n, 34n
Rodríguez, E. 11
Rodrik, D. 9, 10, 11, 17n, 56, 88, 91
Roland, G. 9, 12, 52
Romer, D. 10, 67
Romer, P. M. 3
Rosenberg, N. 3
Rostow, W. N. 3
Roy, D. 56
Rubinstein, A. 127
Ruttan, V. W. 12
Sachs, J. D. 9, 10, 51n, 53n, 49, 75, 85,
87
Sah, R. K. 33n, 100, 101, 108n, 113n
Samuelson, P. A. 75
Schott, P. K. 105n
Schultz, T. W. 2, 8, 18, 19, 48
Shapley, L. S. 127
Shapley values 127–9
Shaw, E. S. 31n
Shinohara, M. 83
Shiue, C. H. 3
Shleifer, A. 9, 13, 14, 30n, 38n, 50, 98,
103, 108n, 117n, 119, 120,
126, 134n
shock therapy 88
fiscal discipline 50
non-viable firms 53–4

© Cambridge University Press
www.cambridge.org
Index • 169

socialist economy 49–50
Washington Consensus 52–3
Shubik, M. 127n, 129
Singer, H. W. 24
Smith, A. ix, 2, 8, 36
social harmony, government role in 40, 46
soft budget constraint 32, 53
Sokoloff, K. L. 13, 14, 19n, 34n, 98
South Korea
automobile industry 43
development policy 82, 83–4, 95
Soviet Union
development of industry 24–5
failure of reform 87–8
natural resources 25–6n
New Economic Policy 25
reform of state farms 90–1
transition and economic performance 6–7
Squire, L. 73, 74, 77
Srinivasan, T. N. 24
Stalin, J. 25
Stark, D. 53
Stern, J. J. 84
Stiglitz, J. E. 15, 33n, 49n, 53n, 100, 101, 108n, 113n
Stuart, R. C. 25
Subramanian, A. 56
Summers, L. 9, 49
Sun, L. X. 52–3
Sun, W. 23
Sun, Y-S. 6, 22
Sundharam, K. P. M. 24
Taiwan, development policy 82, 83, 84n, 95
Tan, G. 32
tax collection, and distortions 98–9, 108–10
technological development and agricultural economy 2
backwardness advantage 92
Industrial Revolution 3
long-term economic growth 7
upgrading 38–40, 45
technology choice index (TCI) 58–9, 140–6
enterprise autonomy 63–4
growth performance 65–71
inequality 73–7
labour-intensive sectors 78
openness 65, 66, 75
property rights 61–3
relationship with black market premium 59–61
volatility 72
technology gap, and fixed costs 102n
Teiwes, F. C. 23
tenure, security of, see political leadership
Teranishi, J. 81
Thomas, R. P. 9, 12	rade and comparative advantage 46–7
and government policy, as determinant of growth 10, 11
trade dependence ratio 59, 65
transition reform, importance of gradual sequencing 88–9
Tsiang, S. C. 83
UN Development Programme 4
United Nations Commission for Trade and Development (UNCTAD) 27
United Nations Industrial Development Organisation (UNIDO) 59, 68
urban wage determination 112
Veblen, T. 7
Velasco, A. 91
viability, of firms 94, 105n and economic transition x equilibrium under government control 122–6, 133–4, 136–9 equilibrium under manager control 126–34, 136–9 shock therapy 53–4 see also autonomy; non-viability Vietnam
dual-track approach 56, 81, 86, 89–90
profitability of state-owned enterprises 88n
Index

Vishny, R. W. 9, 13, 14, 30n, 38n, 50, 98, 103, 108n, 117n, 119, 120, 126
Wade, R. 40
Warner, A. M. 9, 10, 75, 85
Washington Consensus 49, 50–1, 54
failure of 52–3, 94
wealth distribution, in east Asian NIEs 5–6
Weber, M. 10
Weitzman, M. L. 55
Wiles, P. 49
Williamson, J. 49
Winter, E. 127, 128
Woo, W. T. 51

World Bank 4, 6, 7, 10, 27, 53, 59, 68, 69, 83, 89
World Trade Organization (WTO) 10
Xu, C. G. 55
Xu, Z. 97n
Yang, D. T. 85n, 106n, 113n
Yang, X. 51
Yeung, B. 126n
Zhang, P. 29, 42n, 45, 97n, 99
Zheng, Y. 54
Zhou, E. 23
Zilibotti, F. 100
Zoido-Lobatón, P. 65, 68
Zou, H. 74, 77