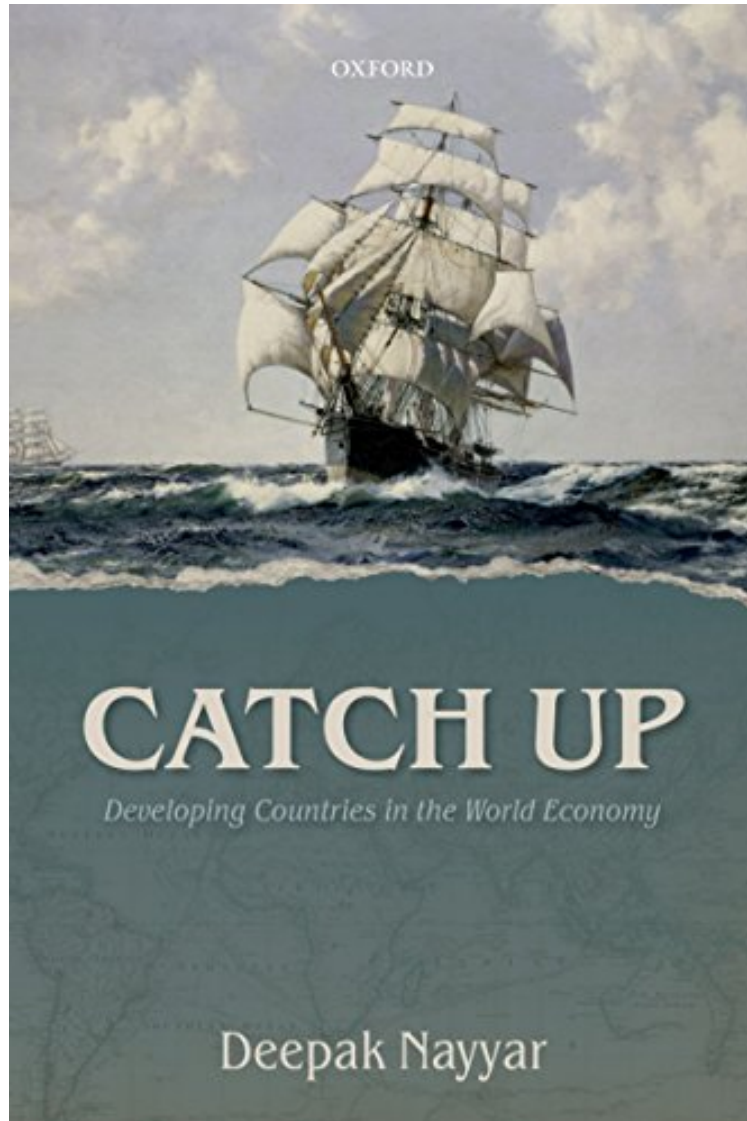


[Pdf free] Catch Up: Developing Countries in the World Economy

Catch Up: Developing Countries in the World Economy

Deepak Nayyar

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Deepak Nayyar : Catch Up: Developing Countries in the World Economy before purchasing it in order to gage whether or not it would be worth my time, and all praised Catch Up: Developing Countries in the World Economy:

2 of 2 people found the following review helpful. An almost purely empirical examination of the issue (with practically no theory)By YodaThis book presents a large number of empirical observations regarding the gap between the less developed nations and the more developed from 1820 until 2010. Very little is presented, in terms of theory, with respect to explaining the empirical observations. The book, very much, reminds this reviewer of the view put forth, by the imminent economist Richard Schmalonsee, in his chapter in the Handbook of Industrial Organization, in

the late 1980s - early 1990s, on the need to uncover "stylized facts" (ie., empirical observations and relationships as opposed to theories). Catch Up does a decent job at uncovering and presenting such "stylized facts" in the area of developmental economics dealing with the relationship between the less and more developed nations. The book is so thick in the presentation of these relationships that text is barely even necessary. One can absorb nearly the entire book by merely looking at the tables and graphs alone. There is barely even a need to read the book's text. Among the more important "stylized facts" the book presents are (this list is by no means all inclusive):* In the early through mid 1800s the less developed nations accounted for the bulk of the world's estimated GDP. India and China alone accounted for roughly half. This is not a surprise as before the industrial revolution GDP was primarily agricultural and based on craftsman like industries. These, in turn, were highly correlated with population (a fact not mentioned in the book).* During the above period per capita GDPs worldwide, between the less developed and more developed nations were, more or less, even.* After the mid-1800s the percentage of world GDP started to shift dramatically from the less developed to more developed nations. This trend hit a peak in approximately 1950 then started to reverse. In the little theory that is presented in the book the author, Dr. Nayyar, attributes this trend to the initial advantages the industrialized nations had in terms of economic efficiency in combination with the fact that many of the less developed nations, especially China and India, were forced to open their markets up to the more leading industrialized nations. Dr. Nayyar also attributes part of the explanation to advances in transport technology and communications technology that facilitated this trade. Dr. Nayyar points out, in support of this view, the fact that Latin America, with the high barriers to trade enacted after its nation states were established, did not suffer the dramatic relative decreases in GDP India and China did. Dr. Nayyar, unfortunately, does not examine how important these different factors were relative to each other in causing the relative decline in aggregate GDP until 1950.* Per capita GDPs also followed a similar trend.* After 1950, the less developed nation's percentage of GDP, again in particular India and China, started to increase relative to the developed nations. This relationship was exponential in nature. It started off slowly in the 1950s increased in the 1960s, started a take-off in the 1980s and then finally exploded in the 1990s and reached the stratosphere, in relative terms, in the 2000s. Unfortunately little theory or other explanation is offered behind this. Could this have been due to the end of colonialism? The drop in tariffs resulting from WTO (and other) trade agreements? What was the importance of foreign investment, both direct and indirect in this relationship? What about the decreasing cost of transportation? What about technologies that enabled the outsourcing of manufacturing from the developed to less developed nations (i.e., information technology)? No explanation whatsoever is provided.* Inequalities are examined between the less and more developed nations, as a whole. As a whole they decreased but only because of the growth of some outliers such as China and India. If we exclude the best performing LDCs this inequality has barely budged.* Inequality within the less developed nations has increased dramatically, in much the same way that increased in the more developed during their periods of industrialization from the mid-1850s to the First World War. The author also provides many other interesting empirical observations that involve too many variables to discuss in this review. Dr. Nayyar is also careful in stressing that quite a bit of the data these observations were based on leave much to be desired thus should be taken with a bit of salt. However, it is still a good starting point. Dr. Nayyar is also careful to point out that the less developed nations are quite heterogeneous. This applies to even the top 14 or so of the most successful. Some were relatively closed (i.e., India) while others very free trade (i.e., Hong Kong, Singapore) while others were neo-mercantilist (i.e., Japan and South Korea). Dr. Nayyar states that they all had, in common, the fact that they had a number of institutions set up that enabled them to develop. However, Dr. Nayyar provides very little discussion and analysis regarding this. This, in this reviewer's opinion, is the most significant weakness of the book. In conclusion, the book provides many empirical observations that are quite fascinating even though the author does not make a serious attempt to explain them in terms of theory. The empirical data alone, though, makes this book worth reading.

Catch Up analyzes the evolution of developing countries in the world economy from a long-term historical perspective, from the onset of the second millennium but with a focus on the second half of the twentieth century and the first decade of the twenty-first century. It is perhaps among the first to address this theme on such a wide canvas that spans both time and space. In doing so, it highlights the dominance of what are now developing countries and it traces their decline and fall from 1820 to 1950. The six decades since 1950 have witnessed an increase in the share of developing countries not only in world population and world income, but also in international trade, international investment, industrial production, and manufactured exports which gathered momentum after 1980. This book explores the factors underlying this fall and rise, to discuss the on-going catch up in the world economy driven by industrialization and economic growth. Their impressive performance, disaggregated analysis shows, is characterized by uneven development. There is an exclusion of countries and people from the process. The catch up is concentrated in a few countries. Growth has often not been transformed into meaningful development that improves the wellbeing of people. Yet, the beginnings of a shift in the balance of power in the world economy are discernible. But developing countries can sustain this rise only if they can transform themselves into inclusive societies where economic growth, human development, and social progress move in tandem. Their past could then be a pointer to their future.

"Nayyar comprehensively covers the current state of knowledge on historical trends of economic growth and development, including various associated phenomena such as trade, population growth, and international investment... Nayyar's work can serve as an excellent introduction for undergraduates, or for graduate students approaching the subject for the first time. This comprehensive introduction to the big picture of historical patterns of economic growth is a valuable addition to the literature... Highly recommended." --CHOICE About the Author

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Deepak Nayyar is Professor of Economics at Jawaharlal Nehru University, New Delhi, and Distinguished University Professor of Economics at the New School for Social Research, New York. He has taught at the University of Oxford, the University of Sussex, and the Indian Institute of Management, Calcutta. He was Vice Chancellor of the University of Delhi. He also served as Chief Economic Adviser to the Government of India and Secretary in the Ministry of Finance. He was educated at St. Stephen's College and the Delhi School of Economics. He is an Honorary Fellow of Balliol College, Oxford. Professor Nayyar served as Chairman of the Board of WIDER, Helsinki, and on the Board of Directors of the Social Science Research Council in the United States. He is Vice Chairman of the South Centre, Geneva. His research interests are primarily in the areas of international economics, macroeconomics and development economics.