

Thriving Asian economies are proof globalisation does not lead to the demise of economic nationalism

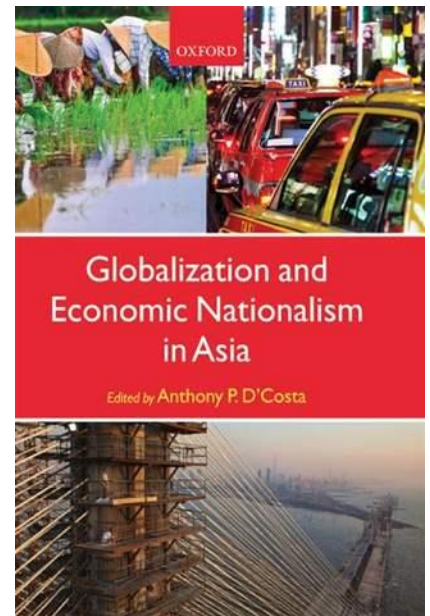
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Globalization and Economic Nationalism features contributors from Asia and elsewhere presenting wide-ranging arguments and evidence to counter the view that with globalisation, economic nationalism is passé. Using interdisciplinary social science approaches, this book critically assesses why and how states in select Asian countries like India, China and Singapore continue to intervene in the economy in both familiar and novel ways. **Maria Carvalho** recommends this book to anyone interested in understanding the development trajectory of Asian economies and their integration into the global economy.



Globalization and Economic Nationalism in Asia. Anthony P. D'Costa (ed.) Oxford University Press. June 2012.

“Who is afraid of Huawei?” asks The Economist in their August 4th, 2012 cover article. Huawei, a Chinese multinational firm, recently superseded Sweden’s Ericsson in becoming the largest manufacturer of telecommunications equipment. Far from being an anomaly, several Asian multinational companies are beating out their global rivals – including Chinese computer firm Lenovo and its white goods firm Haier, and also India’s Infosys, a software company.



The success of ‘Asian national champions’ in globally competitive industries is due to more than just effective firm strategies. *Globalization and Economic Nationalism in Asia*, as edited by Anthony P. D’Costa, demonstrates how firms’ states have systematically used the processes of globalisation to help these firms become globally competitive in such highly innovative and globally competitive industries. These examples provide a telling story of how Asian states have transformed the nature of economic nationalistic policies to harness the benefits of globalisation as a means to serve the developmental needs of the state. Such benefits include access to foreign capital, investment, technology, expertise and markets.

The last factor is especially important as Asian economies' are driven by creating export-oriented domestic industries.

More recently, market access for Asian states and firms has centred around securing resources and increasing their own investment portfolios through *outward* investments and foreign acquisitions. In fact, the latest avatar of economic nationalistic policies is state promotion of branding and access to national champion firms abroad. Thus, "the practice of economic nationalism has not disappeared; instead it now serves to push for integration into the world economy".

In this way, the book challenges the assertion that globalisation leads to the demise of economic nationalism. In most academic discourses, the terms 'economic nationalism' and 'globalisation' remain incongruous. Economic nationalistic policies are traditionally known to create autarkic states by protecting domestic economies from foreign competition. On the other hand, global capitalistic forces are meant to breakdown these national barriers to allow for the free flow of capital, goods and people in order to 'optimally' promote economic efficiencies and growth. This process of economic liberalisation is posited to have states' lose much of their autonomous power in directing their own development.

The core analysis of the book repudiates this argument by diligently assessing how various Asian states have used different economic nationalistic approaches to manage and respond to globalisation processes. Chapters 3 to 8 individually examine how India, China, Japan, South Korea and Singapore have used their own brand of economic nationalistic policies to shape their particular developmental trajectories. Such chapters embed their analysis within the historical context of different "political ideological eras" of the country, both pre- and post "economic liberalisation". In doing so, the chapters examine the primary motivations that lead states to open their economies. Subsequently, the book evaluates how states have managed the interactions between global and domestic actors to serve the economic needs of the state.

For example, economic nationalism in China went through certain evolutionary stages when it started engaging with globalisation. First there were Deng Xiaoping's economic reforms which recognised that China needed to open up in terms of 'learning from the West'. The goal was to technologically upgrade its economy whilst still protecting its domestic industries. Thus economic nationalist policies adopted certain defensive strategies of just "inviting in" foreign firms to invest in joint-ventures in China between 1971 and 1991. After recognising the benefits of being able to export to external markets, economic nationalistic policies started "gearing with the world" in the 1990s to prepare for entry into the World Trade Organisation (WTO) in 2001. China's economic ascendancy and need to secure resources for China's economy has led President Hu Jintao to develop the 'harmonious world' and 'going out' concept since the start of 2002. These more aggressive strategies involved the state institutions and firms undertaking outward foreign investments that provide the mutual benefit of helping other nations develop whilst also securing

resources for China's economy.

In providing analysis that is rich in insight and empirical evidence, the reader can undertake comparative examinations on the unique evolution of each Asian economy. In each of these cases though, the process of liberalising the economies is pragmatically managed by the state in stages. States recognise that it must also develop infrastructures and coordinate resources (most importantly, labour) to be conducive to international investment. The need to manage the liberalisation process in stages is to not only to help domestic state actors develop their own competencies, but to ensure that states' *power* still supersedes that of global capitalist forces.

Nevertheless other chapters in the book also discuss how Asian states' integration into the global economy is not necessarily a smooth process. The 1997 Asian financial crisis is the obvious example of the "dark side" of cheap credit. South Korea had to structurally adjust its economy upon the recommendations of the International Monetary Fund in exchange for its financial bailout. Another example is from the "global city of Singapore", where local Singaporeans are discontented with having to compete for jobs and housing with the high percentage of expatriate foreign workers. The globalisation challenge for China is to ascend to the high value-added parts of the global value chain through creating firms' branding of quality goods. In addition, mutually beneficial economic relationships between China and Japan are still threatened by continued political hostilities that resonate from unresolved issues related to Japan's historical occupation.

Globalisation and Economic Nationalism in Asia is certainly a must read for those interested in understanding the development trajectory of Asian economies and their integration into the global economy. Comprehensively and insightfully written, it provides compelling arguments of how Asian economies have transformed the policies of economic nationalism to harness the benefits of globalisation, rather than become eclipsed by it.

Other Western nations have caught onto how these economic nationalistic policies have helped – to differing degrees. Asian firms not only become globally competitive but change the competitive landscape of their own leading industries. Both the German and American solar photovoltaic industries have successfully lobbied for their respective countries to institute anti-dumping import duties on China's overly subsidised solar-PV modules. In retaliation, China is now building an anti-subsidy WTO case against the US on its own 'green' stimulus packages. Such disputes do not point to the primal power of globalisation either in the East or West. The irony is that the defence of economic nationalistic policies is being duked out in the forum of one of the most 'pro-globalisation' institutions.

Maria Carvalho holds the Department of Geography and Environment's PhD scholarship at the London School of Economics and Political Science (LSE). Maria's PhD research broadly investigates the drivers that influence the spatial evolution of clean energy industries. More

specifically, she looks at how national policy frameworks influence the establishment of domestic clean energy technology industries within the context of firms becoming globally expansive, and technological industries becoming internationally competitive. [Read more reviews by Maria.](#)

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