

The 20th century witnessed profound changes in the economy, politics, and society of Asian countries. In the 1940s and '50s, several Asian countries gained independence from their colonial powers and chose different trajectories to shape their economic futures. Yet, until a few decades ago, their economic prospects were not looking very bright. In his magnum opus *Asian Drama: An Inquiry into the Poverty of Nations* (1968), Gunnar Myrdal painted a rather bleak picture of the continent's future. Myrdal was not alone in his pessimism about Asia; the continent's economic prospects were perceived to be dim by most observers. The continent was endowed with relatively few natural resources and several factors were perceived to be inimical to its development: such as, tropical climate, high population density, weak political institutions, and a relatively relaxed attitude toward work and life. Unsurprisingly, the observers of that time saw minimal scope for the movement of private capital into the region. For Gunnar Myrdal and his associates of the 1950s, today's Asia would be beyond any possibility of recognition or belief.

During the last half a century, everything about Asia turned to be different. The land, seas, and skies of the largest continent today look nowhere close to the gloomy prospects shown in *Asian Drama*. Asian economies have undergone a phenomenal transformation. Furthermore, during the last two and half centuries, Asia's political and economic developments have had profound implications for the global economy and international trade.

To provide a context, until 1750, Asia was home to more than 60% of humanity and accounted for more than one-half of the income generated on the planet. India and China together accounted for about half of the world's population and income. From such a glorious position, the continent saw a gradual decline to a situation where it produced a meagre share of only 7% of global manufacturing output by the late 19th century. During the last half a century, the rapid economic growth in India and China has shifted the centre of economic gravity back to the continent. As in its heydays, Asia has come to account for more than two-thirds of the total global manufacturing output today. Indeed, it has transformed from the world's poorest continent to having a per capita income above the world average.

How has such transformation come about? This is the subject matter of the book *Resurgent Asia* by Deepak Nayyar, economist and public intellectual with a wide range of experience as a civil servant and policymaker. The book examines Asia's miraculous economic transformation and resurgence over more than five decades with an intellectual richness and analytical rigour missing from the contemporary discussions on this issue. The continent's economic, cultural, and political diversity is a serious challenge for a pan Asian study. It is a tribute to Nayyar's scholarship that he manages to bring out broad trends across countries without losing track of the granularity of individual countries' outcomes.

The Asian drama retold

Resurgent Asia: Diversity in Development

By Deepak Nayyar

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RAM SINGH

Nayyar analyses Asia's economic and social transformation and the process of catch-up in Asia at the continent, regional, and country levels. He highlights the diverse paths taken by development in different countries and the very different consequences for their people.

Resurgent Asia is a must-read for anyone interested in understanding the economic history of the continent. When the term 'Asian century' is used

issues related to market failure and government failures. Yet, the exposition is exceptionally lucid and reader-friendly. Identification of various drivers of development adds to the clarity of the volume.

From a historical perspective, Nayyar argues, "Myrdal was absolutely right in stressing the importance of initial conditions. But his perspective, which chose to compare Asia, circa 1950 with Western Europe, circa 1750, had

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perfunctorily, the book provides an enriching account of what the rise of Asia may imply for countries and people of the continent.

The book goes beyond various competing hypotheses advanced to explain the Asian development. It identifies discernible patterns and substantive policy lessons that emerge from the Asian development experience. Nayyar brings to bear multi-dimensional analytical approaches to unravel shifts in fortunes of the continent. He underscores Myrdal's approach that "the economic problems cannot be studied in isolation but only in their own demographic, social, and political settings". (Myrdal, p ix) Accordingly, his analysis is a unique blend of the economic framework of analysis and historical perspective being corroborated with rich empirical evidence at the continent, regional, and country levels.

The book deals with technical

serious limitations." He explains why Myrdal and many of his contemporaries got their prospects wrong. "Myrdal's *Asian Drama*, too, was written from a European perspective." Also, "he did not show any awareness that latecomers to industrialization, such as Russia and Japan, narrowed the gap in a much shorter period." Moreover, West-based Asia watchers focused on the under-appreciated strength of political institutions to deal with government failures.

Nayyar, in contrast, presents a comparison of the diverse economic approaches at sub-regional levels; namely East, Southeast, South, and West Asia with country-level analysis of 14 economies of India, Pakistan, Bangladesh and Sri Lanka in South Asia; China, Taiwan, and South Korea in East Asia; Malaysia, Indonesia, Singapore, Thailand, Philippines and Vietnam in Southeast Asia; and Turkey in West Asia. These countries have followed

very different trajectories on their path to structural transformation. According to Nayyar, "The developmental state in South Korea, Taiwan, and Singapore, for whom Japan was the role model and which could coordinate policies across sectors over time, pursued national development objectives using the carrot and stick to implement their development agenda." China and Vietnam successfully emulated this model. In contrast, in countries like India, the institutional system of checks and balances helped reduce the scope of market and government failures.

The book shows that the challenges faced by Asia are enormous and are mounting. Inequality is growing. The Asian experience counters the convergence thesis. Nayyar argues that there was no consistent relation between the initial per capita income levels and consequent growth rates. Moreover, much of the income inequality between countries is attributable to inequality between, rather than within countries.

The jobless growth and the need to raise productivity levels and innovation capacities are not easy problems to deal with. Technological changes on the anvil and the horizon can threaten jobs and growth prospects in several countries. 3-D printing, the internet of things, and Artificial intelligence, along with Big Data, will affect the scope of manufacturing and thus the relevant employment possibilities in several Asian countries. Offshoring of production and services to Asian countries may be replaced by re-shoring or relocating production to the US or Europe, leading to loss of employment in the Asian countries. This is of particular concern for labour-intensive manufacturing industries such as textiles, clothing, and footwear. Without addressing these issues, the continent may find it hard to avoid the middle-income trap.

Moreover, Asia's geopolitics also makes its rise complicated and harder to predict. There are inherent tensions among Asian countries. The increasing economic and military tensions between China and India in itself can make things very difficult. The book, understandably, does not deal with these issues. It also does not dwell on the consequences of the rising opposition to economic globalisation that will impact the continent. The Regional Comprehensive Economic Partnership (RCEP) – described as the largest ever regional trading agreement among the ten ASEAN members and countries and their five free trade partners Australia, China, Korea, Japan, and New Zealand – will also have a tremendous impact on Asia's economy and polity. However, if India keeps out, economic gains from RCEP will be limited, further dampening the 21st century's scope as an Asian century.

This century may or may not turn out to be an Asian century. Still, as Nayyar puts it, in circa 2050, Asia "will have an economic and political significance in the world that would have been difficult to imagine fifty years ago. ... But, as a continent, Asia will not have the dominance that Britain had in the past, or the United States has even now." ■

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