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Economic Development in Taiwan, Korea, Hong Kong and Japan: A Critical Examination of Rostow's Stages of Economic Growth

Topic and Research Question

The topic of this thesis is the economic development in Taiwan, Korea, Hong Kong and Japan. The main question of this research is the following: (1) Did Taiwan, Korea, Hong Kong and Japan have the characteristics of Rostow’s model for the stages of economic growth? (2) If the four countries have differences in their economic development and in which stage do they belong to? Furthermore to provide an in-depth analysis, following question will be covered: (3) What kind of criticism does the model of economic growth have? The countries were chosen, because all four countries have similarities in their central political rule and social organization. In order to show how the economic development in these four countries proceeded, Rostow’s economic model of stages will be used. The model includes five stages: (1) the traditional society (2) the preconditions, the take-off (3) the take-off (4) the drive to maturity and (5) the age of high mass-consumption. On the basis of that model, there will be a comparison of the similarities and differences of the four countries.

State of the Art

Rostow’s model is one of the most known in the fields of economic development. Some authors are of the opinion, that the stages of economic growth from Rostow’s model inspired further works and ideas and had an enormous influence on developmental economic theories.

The main source for this thesis is the Rostow’s model of stages of the economic development. As this model also faced much criticism, other references such as Meier, Crafts, Kuznets and Hofstede were used.

Methodology and Approach

In order to answer the second question, there was a need to get know each characteristic of the five stages, which is the main framework for the theory. As in the introduction was already written, why the four countries were selected, a further reason will be explained at this point: aforementioned, the work of Rostow does not include the countries, which are examined in this thesis. On the one hand, the aim of the thesis was to demonstrate if the four countries have the characteristics of each stage and on the other hand the model of Rostow could be examined in detail. To answer the second question, the features of the five stages were researched in the economic history and development of Taiwan, Korea, Hong Kong and Japan. The results of each examined country were provided in the form of tables. Further explanations are provided afterwards. The end, differences and similarities were clearly represented in the final table, where the keyword of Rostow’s model and the four mentioned countries were listed. In general, it could be said, that the literature of the economic development for all chosen countries were well researched, and it was a broad field. A lot of work from Oxford University Press, Yale University Press, University Press of Kentucky, Cambridge University Press, Institute for Contemporary Studies etc. inspired this work. Also online resources like the data statistic from the government and the yearbook of ministry were helpful. The most time-consuming search for this work were the journals, but they provide a profound view for the thesis. The most used resources were the work of the different University Presses and the journals. Some authors are for example Amsden, Chen, Ho, Paschke, Wade, Minami, Hentschel, Ryutaro and so others.

Regarding the approach for the third question, the work of Cypher and Dietz introduced different models of economic development. Therefore other works were also attached. There are two main resources from Parr and Supple, which provide an in-depth view for the fundament of this thesis. Further impulses for the criticism were found in Meier, Crafts, Kuznets and Hofstede.

Main Facts

The features of the first stage such as the limited function of large-scale family and the limitation, as well as the central political system were observed in all countries. The born free and general case were one of the characteristics of the second stage. Under Rostow’s definition, Asia belongs to the general case, where the agriculture plays an important role for the growth. But Hong Kong out of all countries does not have cultivation of family and the limitation, though Rostow has a list of countries, which belongs to the born free case. Also, differences were seen with the imperial power and its influence for the development, where Japan is the only country with no traces as a colony. All four countries share two identical features in the second stage: the SOC and the rate of investment over 10% of the national income. For the first one, all four countries had carried out the construction for the railroad. For the latter one, they reached the investment rate in a different period, but they successfully transformed into a modern society. In the third stage, all observed countries have fulfilled all following characteristics: The take-off can be seen as a stimulus, its pattern is not important, but it should be self-reinforcing and sustained. With different historical events, all four countries responded to the stimulus and at the same time, they could gain more capital for the take-off, which is also another feature of the third stage. Another feature is the leading sector. Taiwan and Korea concentrated on the heavy industries, while Hong Kong and Japan had a high demand in the clothing industries. The drive to maturity is the fourth stage, where new leading sectors were emerging. Hong Kong was concentrating on the electronic industries. Japan followed the same examples like Taiwan and Korea, which had their main focus on R&D. Their labour force is changing in terms of skills, which is the other characteristic of the fourth stage. It means, that the development of agriculture and the small industry was obvious, while there was an increase in the skilled labour force. The exception was Hong Kong with no agricultural sector. In the last stage, also known as the age of high consumption, the awareness for the social and human objectives were growing. All four countries put their efforts to the welfare state, and their awareness was created in different times. Of all Japan was the first one, following were Taiwan and Korea, and Hong Kong was the last one. Another feature is the consumption of goods and service from the 20th century, and it reflected in all four countries. At the same time the population and the urban areas were growing in the fifth stage.

Regarding the criticism, Parr is speaking about the regions (with the land, its classification of family and the exclusion of other regions), multiregional (with the aspect of many regions) and interregional level (with the main focus on the relation of the regions), which should also be included in Rostow’s model. In the first one, the pattern of the development could have varieties, and in the second one each region in the nation will complete the stage at a different time. The nation alone does not represent the developmental stage. For the last one, the preconditions for the take-off of the regions can be focus, therefore region had its take-off before the nation. This can also be the other way round.

References

All references can be found in the full version of the MA thesis available at East Asian Studies Library, University of Vienna.

About the Author

Jin Yi Huang: grew up bilingualy, bachelor degree in Sinology, various stays in East Asia, areas of interest: language, culture and economy.

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