

Resilience to shrinking in Asia, a tale of economic transformation

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Inspired by Abramowitz (1986 and 1995) we make use of a capability framework and study shrinking patterns in a number of countries in East and South-east Asia and relate these to their transformative capabilities over time. Such knowledge will contribute to our knowledge of how economic development can be sustained in the poorer parts of the world today. The paper covers measures of structural change showcasing resilience to economic shrinking in a number of Asian economies in a comparative perspective.

Objectives/ Motivation and research questions



It is increasingly recognized that successful long-term development not only requires capacity for economic growth, but also resilience to economic shrinking (Broadberry and Wallis 2016; Andersson 2018, Andersson et. al2021). In the extensive literature on the nature and causes of economic growth in the developing world in the post-war era, the role of economic shrinking has received limited attention. Pritchett (2000) notes that negative growth is a frequent phenomenon in developing countries. Yet the literature is not well equipped to understand it. There is a related literature, however, trying to measure and understand the “episodic” nature of economic growth(e.g. Pritchett et al 2016). Important studies within the realm of this discussion are Easterly et al. (1993) and Rodrik(1999), who highlighted and explained growth “collapse”and “reversals” by the occurrence of economic shocks or social conflict. Research has also advanced on finding ways to empirically capture episodes of different growth dynamics and to associate a number of correlates with either growth spurts or growth stops (Jones and Olken,2008; Kar et al., 2013). What is missing from the discussion is why some developing countries, particularly in Asia, are more resilient to shrinking than others. Since no production function can explain why economies shrink, the theoretical approach requires new perspectives that go beyond models based on merely accumulation of factors of production or total factor productivity calculations. For this reason, novel analytical approaches are needed that pinpoints a set of social capabilities through which resilience is built.