

ECONOMIC PARADIGM AND THE EXPLANATION OF PERFORMANCE IN THE LONG RUN. CASES OF SUCCESS AND FAILURE (18TH TO 21TH CENTURY)

Theories reconsidered: To what extent are European development-theories on industrialization valid from a World point of view?

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Introduction

1/ Our world became global. Today, the impressive growth of China and, more generally, of the BRICS (Brazil, Russia, India, China, South Africa) and MIST (Mexico, Indonesia, South Korea, Turkey) constitutes a good illustration of the profound change of this globalizing world.

2/ the spectacular development of the “Global Challengers” –i.e. the 100 companies “disrupting the world economic order” (Boston Consulting Group) – is demonstrating the pursuit of the rapid change of the world economy.

3/ These “Global Challengers” are coming from late-industrialized countries such as China (Huawei, Lenovo, China Communications Construction, etc.), Brazil (Petrobras, Votorantim, Natura), India (Mittal, Tata Group), Russia (Gazprom, Rusal, Severstal) or South Africa (Bidvest, Sappi, Sasol), but more and more also from other countries like Mexico (Cemex or Bimbo) or Egypt (El Seweby Electric).

4/ Because the emergence of new economic powers has been a fundamental motor of the human development, the importance of these phenomena is constituting today a very exciting question for economic historians. This constitutes a major reason of our worldwide project.

1/ SCIENTIFIC ISSUES: QUESTIONING TRADITIONAL THEORY (1)

- The project combines the macroeconomic with the microeconomic dimension.
- The main question is: to what extent can these traditional theories be meaningfully applied to non-European countries?
- The approach used is that of economic actors: enterprises and their environment.
- Indeed, the micro-economic point of view was not yet systematically applied in a comparative perspective.

1.1/ Classical theories of industrialization and development:

A/ Traditional theories on the World's development, especially industrialization, have a Western Europe-biased design.

1/ Into these we count theories by Alexander Gerschenkron, Walt Wittman Rostow, Raymond Aron, Paul Bairoch, Karl Polanyi, and even Karl Marx. They took Europe and its offshoots for a general benchmark of success and development.

2/ Also, later theories, such as by Dieter Senghaas or dependency theory (Eduardo Galeano and others), structuralists (Raoul Prebisch) and of the uneven development (Samir Amin, Paul Bairoch even François Perroux) placed Europe and its institutions into their center of their analysis and explication.

B/ All these approaches claim general or even world-wide validity.

1/ The basic idea of our session is to evaluate to what extent these theories are useful in explaining by East and South Eastern Asian or South American and, today perhaps, African industrialization above all from the perspective of their actors.

2/ Consequently, we look at institutional actors, such as industrial firms, banks and financial institutions, households, public or private administrations within their economic, social and political environment.

1.2/ Four good reasons to re-visit these theories:

A/ It seems valuable to mobilize the recent achievements in business history and of microeconomic research on companies, the state and consumers.

The purpose is:

- 1/ evaluating the role of business, both large and small, in the growth dynamic of both industrialized and emerging nations;
- 2/ by exploring their performance, strategies and types of organization;
- 3/ together with the social, cultural and environmental implications of their behaviour as actors.

B/ Because it fundamentally concerns the behaviour of economic actors, the project amounts to a study of decision making:

- 1/ It comprehends consideration from a macroeconomic standpoint as well as that of institutional agents of national accounting and microeconomic action at the background of the theories mentioned above.
- 2/ Contributors are asked to primarily evaluate actions of individual agents' behaviour in the neoclassical sense: industrial firms, banks and financial institutions, households, public or private administrations.

C/ The issue of the emergence of globalization bears upon many fundamental questions:

- 1/the growth of mass consumption and Americanization;
- 2/public policy, both cyclical and structural;
- 3/ firms' investment policies and, more broadly, operational and strategic decisions (according to the famous Ansoff's distinction), taking into account transaction costs (Ronald Coase, Oliver Williamson);
- 4/ the interaction of social networks and/or techniques, spatial dynamics (industrial districts, local productive systems and clusters);

5/ path dependency (as described by Arrows or, above all, Nelson and Winter).

D/ At the same time the specific contribution of the historians can also be made fruitful, such as the approaches of proto-industrialization (Mendels, Kriedtke, Medick & Schlumbohm).

1/ The idea is to test traditional European theories to evaluate to what extent they can be applied fruitfully in Asia, Africa, or Latin America..

2/ Our approach is also a reflection on a recent fashion in history-writing.

a/ Many authors try to promote a non-European biased view (History of the World edited by Iriye and Osterhammel).

b/ The change is based on the simple moral aspect that also the less powerful have an equal right to history.

3/ Is there also a *theoretical foundation* to this moral change?

- If European theory is not good enough for explaining the rest of the World the fashionable moral approach is necessary.
- If not, it is still nice, but much less important and urgent.

1.3/ Scientific goals:

A/ In this context two issues are important in our approach:

1) our focus is on the side of success, it does not include excuse-stories like that by the Californian school (Pomeranz et al.);

2) the approach is mainly one of business history:

- how single enterprises developed their specific path of growth under the special conditions and environment of their countries.
- The idea of the session is to test the traditional point of view: Is European biased theory sufficient to reflect industrial success in Asia, South America or other continents?

B/ Indeed, the basic question is whether economic paradigm corresponds with success or failure. There were three main types of cases:

- Case 1 – Adam Smith and open competition: Anglo-Saxon world, Denmark, Norway, Latin American states
- Case 2 – Friedrich List and the idea of temporary protection of “infant industry”: Germany, Sweden, Finland, China, Italy, Hungary
- Case 3 – State-backed path: France, Japan, South Korea, Russia, Spain), South Africa, Turkey and Gulf States, Latin American states.

C/ From an actor’s point of view the contributions will combine a microeconomic and a macroeconomic approach:

1/Change cannot be explained without actors, while actors’ movements cannot be explained without their environment. The project does neither exclude:

- space-approaches (regional economy, economic geography, otherwise geostrategy)
- nor those from sociology (social structures and mobility, action sociology)
- nor other ones coming under the history of sciences and technology or historical demography.

2/ Such approaches need to consider microeconomic approaches.

- The purpose is to better understand the role of the firms and other actors, such as state authorities, in the emergence of the modern economy (opposed to traditional one, according to Arthur B. Lewis).
- No approaches, which deal with business history, are to be excluded:
 - 1) microeconomics of the firm
 - 2) economics and history of innovation
 - 3) sociology of organizations
 - 4) social psychology
 - 5) history of labor
 - 6) anthropology of entrepreneurs, workers and consumers.

2/ ORGANIZATIONAL ISSUES

2.1/Four pre-conferences:

1/ **Rio de Janeiro**, Brazil, August 17th and 18th, 2017 at Federal University of Rio de Janeiro. Local organizer: Luiz Carlo Delorme Prado, Professor, IE-UFRJ, Institute of Economics, Federal University of Rio de Janeiro

2/ **Beijing**, China, October 21st & 22nd, 2017 at Renmin University of China. Local organizer: Dominique Barjot, Huang Chun and Wang Jüe, of Renmin University of China

3/ **Tokyo**, Japan, November 15th & 16th, 2017 at Waseda University. Local organizer: Yago Kazuhiko, Waseda University.

4/ **Paris**, France, March 29th, 2018 at Académie des Sciences d' Outre-Mer with the support of the University Paris - Sorbonne (Paris IV) and the CNRS (National Center for Scientific Research). Local organizer: Dominique Barjot, University Paris - Sorbonne (Paris IV)

2.2/ International Preconference of Rio de Janeiro on August 17th and 18th, 2017 (organizer: Luiz Carlo Delorme Prado, Professor, IE-UFRJ, Institute of Economics) at the Federal University of Rio de Janeiro. It will have for title: International Seminar of Regulation and Competition in Historical Perspective: Comparing Brazil and Europe

A/ August 17, 9:30hs - 12:30hs – Session 1: Long-term perspective on Competition and Regulation

➤ **Paper 1: *Antitrust and Competition Policy in Brazil* Speaker:** Eduardo Pontual Ribeiro

➤ **Paper 2: *The model of French Concession* Speaker:** Dominique BARJOT

➤ **Paper 3: *20 anos de regulação de energia no Brasil: avanços e desafios* Speaker:** Helder Queiroz Pinto Jr

B/ August 17, 15hs - 18hs – Session 2: Market and Sectorial Studies in Historical Perspective

➤ **Paper 1:** *Competitive dynamic and Market structure in distance and online undergraduate university courses: implications for antitrust policy* **Speaker:** João Luiz Pondé

➤ **Paper 2:** *A Short Economic History of the TV industry in Brazil* **Speaker:** Luiz Carlos Delorme Prado,

➤ **Paper 3:** *The cement market during the 20th century: between cartels and regulation* **Speaker:** Cécile Coursieras-Jaff

➤ **Paper 4:** *The competition for mineral resources and industry consolidation in beginning of the 21st century* **Speaker:** Hildete de Moraes Vodopives elder Queiroz Pinto Jr

C/ August 18, 09:30 – 11:30 - Session 3: Evolution of methods and analysis in regulation

➤ **Paper 1:** *Direito e Economia na análise de condutas anticompetitivas no Sistema Brasileiro de Defesa da Concorrência* **Speaker:** Maria Tereza Leopardi Mello

➤ **Paper 2:** Quantitative methods in merger analysis effects: the Brazilian experience in the last 10 years **Speaker:** Camila C. Pires Alves

2.3/ SESSION 5 - Economic Paradigm and Performance in the Long Run (18th to 21st Century): To What Extent Are European Development-theories on Industrialization Valid from a Chinese Point of View?

- **organizer: Dominique Barjot and Wang Jüe**
- **room 416**

Scientific Introduction : Dominique BARJOT (Paris-Sorbonne University) (15')

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13:00 -14:00 – First part

Chairman: WANG Jue (Renmin University)

Harm G. SCHROETER (University of Bergen, Germany), “Theories reloaded: To what extent are European industrialization theories on industrialization valid from an Asian point of view?” (15')

YI Dinghong (Renmin University) and HUANG Chun (Renmin University), “How

are Business and Money Changing China: A Test for the Validity of Economic Theories” (15’)

Dominique BARJOT and PARK-BARJOT Rang-Ri (Paris-Sorbonne University, France), “The Korean Economic "Miracle" between the State and the Chaebols (1953-Today): between Rostow’s, Gerschenkron’s and Kuznets ‘s models of development” (15’)

14:15-15:00 – Second Part

Chairman: WANG Jue (Renmin University)

YAGO Kazuhiko (Waseda University, Japan), “A Lonely Apostle of the Japanese Growth: Osamu Shimomura, his theory and practice” (15’)

Julian FAUST (Marburg University, Germany), “Industrialisation, German Development Assistance Policy and Private German Business Opportunities in the first two decades after Indian Independence” (15’)

Olivier FEIERTAG (University of Rouen Normandy, France), “French and Chinese investments in Africa since the 1960’s: In quest of the best pattern for development” (15’)

15:15-16:30 – Third Part

Chairman Dominique BARJOT (Paris-Sorbonne University, France)

WANG JUE (Renmin University), “Research on the ‘Two-Motor Drive’ Model of Innovation in Science and technology in China (1978-2015)” (15’)

WANG Qing (Renmin University), “An Initial Study on the Changes of Family Size in China: from the Mid-Qing Dynasty to the Present Time” (15’)

CHEN Zhongnan (Renmin University), “The Role of National Policy in Discipline Development—Taking the Development of Chinese Traditional Mathematics(581A.D.-1644A.D.) as an Example” (15’)

HE Fucui (Jiangxi Science and Technology Normal University), “Does Man Learn by the Disappointment of Expectations? Evidence from the Reform of Yinyuan”

SUN Rui (Renmin University), “Marketing and Industry: A Study on the Clearing Custom among Old-style Chinese Private Banks in Modern Tianjin” (15’)

Discussion (30’)

Conclusions (15’)

Conclusion:

A PROPOSAL SESSION

IN WEHC-BOSTON CONGRESS 2018 (July 29 – August 3, 2018)

- Chairman: G. VERHOEF or T. ABE
- 1/ Summary report (20'): Dominique BARJOT, Harm G. SCHROETER (10' each)
- 2/ Papers (50', 10' each):
 - 1/ North America: M. KIPPING or S. SAUL
 - 2/ South America: N. LANCIOTTI
 - 3/ Europe: H. SJÖGREN
 - 4/ Australia: M. SHANAHAN
 - 5/ Middle East: M. BULUT
- Break (10')
- 3/ Discussants (30'), 10' each (not definitively chose)
 - 1/ T. ABE or G. VERHOEF
 - 2/ 1 German
 - 3/ 1 American
 - 4/ Intervention of the Main organizers (25', 5' each)
 - 5/ General Discussion (45')