**Pacific Asia: Economic Interdependence and the Developmental State**

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Asia provides essential material for the debate over whether the inter-national economy can be seen as one system or as an interplay between three regional economies. The recent dramatic collapse of many nature of global finance and also led to a vigorous debate over the impact of globalization on the region. The rise in the international status of cities such as Singapore and Hong Kong and the economic strength of national economies such as Japan man that any claim for a global economy operating, as an integrated system, across the world has to encompass these cities and countries. The sheer size of China and its entry into the global economy is another reason why this part of the world is likely to have an increasing impact on the world stage. It is expected that the annual growth rate of the urban population in the region over the next 25 years will be about four times that in North America of Europe. As we will see, there are many differences between the Asia Pacific region and the North American and European regions that we have already explored. As Kelly and Olds indicate above, there are a number of globalization issues that are particularly relevant when exploring this region, The international division of labour, whit many industrial processes transferred from the developed world to countries with cheaper production costs, has been a significant aspect of the economic history of the region over the last twenty years. More recently we have also seen the rise of regional command-and-control entries as the major cities of the region compete for this role.

**From economic miracle to economic crisis**

This region has exhibited extreme contrasts of economic fortune in its recent history. It is necessary to outline this context as it has an important impact upon the policies of city governments. Over the last twenty years the economy of the region has become increasingly globalized with large inflows of capital. The nations within the region have been competition with one another to absorb capital and develop modern technologies in their pursuit of a strategy of export-led industrial growth (Ichimura and Morley, 1999). This approach has been built upon a high level of saving and investment rates, a cheap pool of labour, and government policies that support the strategy and provide incentives to attract foreign capital. Massive industrial restructuring and economic growth followed in most countries of the region, built upon a close partnership between business and politics.

**Implications of ‘catch up’**

The economic miracle has been led by developmental states with a highly focused mission to develop their national economies. The resulting combination of rapid urbanization and industrial growth has led to an increasing problem of pollution and accelerated deterioration of the natural and city environment. There has been little attention to quality of life issues. This tendency was reinforced from the 1980s as the forces of globalization and increased economic competition kicked in. The result has been described as a ‘race to the bottom’ in which all standards are sacrificed in the interests of maximizing economic growth and ensuring competitiveness. The implication of the economic imperative in the region is that it has become one of the world’s most polluted areas. Some of the cities of the region are the most polluted in the world, although again there is considerable variety across the region. Those with the highest level of economic development have now generally solved problems of industrial pollution and are now turning their attention to consumer-related pollution such as that created by car usage. More attention is now being given to urban quality of life issues in these more advanced cities, benefiting the more wealthy population. The quality of the environment is also an important factor in the intercity competition to attract scientific, high-technology and research-based industry.

**Developmental state**

The ‘developmental state’ was therefore developed in the context of industrialization but how did it respond to the newer economic forces of globalization? The push of the powerful international lending agencies has been for deregulation and privatization in national economic planning and this has usually been the condition for loan. This has a particular impact in Pacific Asia given the developmental state legacy. It implied the breaking down of the strong framework of state involvement. We have discussed above how this relates to debates on the economic crisis of 1997. Can there still be a state-led approach in the region under the new conditions? There is a difference of opinion between those who believe in an inevitable convergence to the Washington consensus and those who believe that the region can develop its own distinctive approach. We explore this debate further in the next chapter in relation to Tokyo. If Asia retains state-involved approach then of course it destroys the argument that globalization leads to a powerless national state. Weiss(1997) argues that the evidence shows that in the region strong states are often facilitating the processes of globalization. The ability to exploit the opportunities rather than simply respond to globalization pressures however does vary from country to country depending on state capacity. "The more administratively developed the region's states become the more they will be able to deal with the forces of globalisation' (Stubbs, 1999, p. 232). A feature of the current situation is that states will seek to satisfy their goals through power alliances, either upwards via interstate coalitions or downwards via stronger domestic business-state relationships. Stubbs (1999) raises another angle when he suggests that globalization itself is a complex process and can havee variable effects on state sovereignty.

**City hierarchies and networks**

One approach to exploring the role of Asian cities on the global economic network has been taken by Shin and Timberlake (2000). They have used flows of airline passengers between 100 world cities to identify the degree of connectivity of each city and hence its position in the hierar-chy. They see this hierarchy as subject to change, particularly with the strong state involvement in the development of airport facilities, and have used data from 1975 to 1997. The results showed that the Asian region is now completely connected to other regions of world. If one looks at their findings for 1985, during the region's boom period, then one sees that the most connected city was Tokyo(world rank 6), followed by Singapore(10), Bangkok(11), with Seoul arriving rapidly on the scene in the mid-1990s to reach 12th position by 1997, followed by Bankok(13). These results show that the range of cities in the region that are now well-connected has grown and that Hong Kong and Singapore Have moved into dominant positions with Tokyo falling in importance.

Although competition between cities to rise up the urban hierarchy is a significant factor, it is important not to see the cities as completely isolated from each other. The global economy has led to the integration of economic activities in the region. It has also led to interdependency between cities. The interdependency has arisen from both market forces and the active involvement of nation states. World cities in the region have been formed as a result of two main forces, the decisions of transnational corporations(TNCs) to locate activities within the cities and the government's active promotion of the city's development (Lo and Marcotullio, 2000).

**Cities**

We now turn to the effect that regional economic events have had on individual cities. As we have seen globalizatoin has influenced the economic fortunes of the region, although there is a debate over the exact nature of this influence. We have noted that there has been variation in its impact. A feature of development in the region has been the role played by the state and this provides the potential for a varied response to economic forces. We will argue that globalization has also had its impact upon the cities of the region and many common trends can be noted. However, at the same time there is significant variety. We agree with Douglass when he says that external forces are "filtered through historically differentiated constellations of socio-cultural, economic, and political structures". Through an examination of the history of cities in the region he shows how institutional actions, particularly by the national and local state, have had an effect in creating different development paths in cities. He particularly points to the effect of colonialization in creating different conditions in some cities and hence shaping the subsequent responses to globalization. The colonial legacy has left its mark in institutional arrangements including urban planning approaches. It has also had spatial effects in fostering segregation within cities. The colonial approach of selecting certain cities, such as Hong Kong, Singapore and Shanghai, as centres for trade and commerce opened up these cities to world connections and provided a base for later globalization processes. Dick and Rimmer (1998) identify different phases of convergence and divergence in South East Asian cities: a convergence phase from the end of the nineteenth century to the Second World War when similar urban forms developed through colonial rule, then a period of divergence that lasted into the 1970s when indigenous administrations took different paths, and a tendency to convergence again in the period of globalization Douglass has summarized the impact of globalization on cities of pacific Asia as a polarization towards a few metropolitan centres that have become mega urban region, the positive promotion of these cities by government, the development of a pan-pacific development corridor from the north-east to the south-east of the region and the neglect of areas away from these centres.

**Local pressures**

City government and urban planning can play a key role in making decisions more transparent and moving away from the old triad of national politicians, bureaucrats and bevelopers, Until now planning has been very closely linked to the developmental=state project with national-state objectives dominating the agenda. The process has been very top-down, organized by bureaucrats who see urban planning as a technical matter of producing master plans that fit into the national mission. Illustrative of this approach is the way that most planners are educated through civil engineering in Japan. Marcotullio has noted the continued legacy of the top-down approach to planning, in which local plans are produced to fit into the national economic planning framework. He reports on a recent study of planning in the cities of the region that concludes that "there has been no paradigm shift from the physical master planning (blueprint) approach to a strategic planning approach" As Douglass says, the result is that there is a "strong tendency of governments to assume that becoming a world city is principally a technological question and that catering to the direct needs of investors can take precedence over making cities more liveable and environmentally sustainable’. Policies will be needed that more directly relate to citizen needs. Such a response will not be easy, as the failure to maintain a strong position in the world city hierarchy would bring considerable disadvantage. The way the balance is struck will vary from city to city; however one of the key points we have tried to demonstrate in this chapter is that, whatever route adopted, national and city governments in this region are likely to have a role in shaping the future.