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30 years of transition – and looking 30 years ahead

OeNB Conference on European Economic Integration 2019

Session 3: Lessons from three decades of catching-up in Asia

chair: Michael Landesmann, wiiw

CEECs and East Asian catching–up – commonalities and differences

Commonality:

- international integration matters for catching-up: trade, technology/productivity upgrading (Gerschenkron); GVCs/RVCs

Difference - drivers:

- EA: domestic (Japan, Korea) and international companies (China) plus national industrial policies (build up of domestic human capital and R&D base)

- CEECs: FDI-driven; no industrial policy; legacy of human capital stock and industrial expertise

CEECs and East Asian catching–up – commonalities and differences

Commonality:

- Financial markets integration and external macroeconomic imbalances

Differences:

- EA: gradual opening; emergence of external imbalances (Asian crisis) but strong export base

- CEECs: very fast liberalisation; dominance of foreign banks (except for Slovenia); strongly increasing private debt; strong export base in CE; weakness in SEE

CEECs and East Asian catching–up – commonalities and differences

Commonality:

- Importance of institutions, governance

Difference - drivers:

- EA: national institutional framework, strong role of state; weak international coordination mechanisms

- CEECs: EU accession (Acquis) and EU membership driving force; aim: institutional/legal convergence but lately backlash; substantial international public transfers

CEECs and East Asia – current & future trends

- EA: increasing regionalist integration; Stackelberg leader (China), but geo-political tensions; build-up of stronger international coordination mechanisms? Increased labour mobility?

- CEECs: challenge of shift towards innovation-oriented growth; differentiated institutional/political developments within EU; challenges to deal with demography, regional and other inequalities; ageing and income catching-up reduces migration pressure (in CE, not SEE)