Abstracts

Special Invited Article

The BRICS Then and Now: Some Lessons from History
Josef C. Brada (Arizona State University and CERGE - Economic Institute of the Czech Academy of Sciences and Charles University)

I examine the growth experience of the current BRICS countries in the light of the experience of earlier BRICS-like countries (France, Germany, Italy, Russia and Japan) as well as of the settler economies (Argentina, Australia, Canada, the US and South Africa) using the developmental framework of Alexander Gerschenkron. I also examine the political implications for the BRICS countries of their economic growth. The economic analysis shows the possibility of a middle-income trap at all points in history, due in part to the inability of countries to modify their development strategies or to adopt appropriate policies: continuing to foster the acquisition of labor and capital is critical for growth. In the political sphere, economic development changes the constellation of political forces in a country and the smooth adjustment to new political realities is a key factor in sustaining rapid growth. Within this analytical framework, China and India seem the BRICS countries best poised for continuing their development path. However, the BRICS are unlikely to initiate fundamental changes in the global economic order.

Special Topic: The Light and Shadow of Emerging Market Economies

Instability in the Brazilian Economy and Society
Nobuaki Hamaguchi (Research Institute for Economics and Business Administration, Kobe University)

Brazil faces several obstacles to becoming a leading power. These are high economic instability from macroeconomic imbalances and the lack of industrial competitiveness; political instability, based on enormous income inequality and institutional weakness in policy implementation and corruption; and uncertain positioning in international relations.

Strengths and Weaknesses of the Russian Economic System
Shinichiro Tabata (Slavic-Eurasian Research Center, Hokkaido University)

In order to consider the economic development of the Russian economy, I analyzed its strengths and weaknesses. As its strengths, I pointed out its rich natural resources, robust fiscal system collecting oil and gas rent revenues, and firmly centralized relations between the center and regions. As its weaknesses, I stressed Dutch disease, low investment rate, and insufficient opening up of the domestic economy. Since these strengths and weaknesses largely stem from rich natural resources, I concluded that it would be rather difficult for the Russian economy to be placed on a stable growth track with an annual growth rate higher than 3 percent.

Japanese Journal of Comparative Economics
India as an Emerging Economy: Looking into the Case of Demonetization in 2016
Takashi Kurosaki (Institute of Economic Research, Hitotsubashi University)

Through an examination of original microdata of small and micro firms in Delhi, India, we demonstrate the highly negative impact of the 2016 demonetization policy on informal sector firms in traditional industries. The same dataset also shows that there were some modern IT firms that benefitted from the policy. Such disparity has been widening since the high growth era started in India. The rising inequality, coupled with the political constraints associated with being the world’s largest democracy (i.e., the ruling party needs to satisfy the voters’ demands), overshadows the sustainability of economic growth in the coming years.

The Evolution of China’s Industrial Policies and “Made in China 2025”
Tomoo Marukawa (Institute of Social Science, University of Tokyo)

“Made in China 2025” is regarded as the manifestation of China’s state-capitalistic strategy of controlling the world’s high-tech industries. By placing it in the context of Chinese industrial policies since the 1990s, however, it turns out that it has fewer concrete measures for achieving its goal than its precedents in the 1990s, while its list of priority industries is unprecedentedly extensive. Many Chinese industrial policies have failed, but the criticisms against them are weak in China. Therefore, the Chinese government is likely to repeat its failures in future industrial policies.