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Twilight of the Developmental State in Asia and a New Networked Techno-nationalist Paradigm: Implications for Sustainable Economic Development

Panel: Economics and Development

The paper argues that countries pursuing “networked techno-nationalism” (NTN) have been the most effective in stimulating new business growth. However, the distribution of wealth and societal benefits has been limited in comparison to economic growth outcomes of earlier developmental states in Asia.

In techno-nationalism, like the developmental state approach in Japan, nascent domestic sectors are protected from global competition. Unlike the developmental state, *networked* techno-nationalism draws from inter-firm, especially international (expatriate, diaspora) networks that serve as an effective bridge between domestic economies and global markets. Further, entrepreneurialism is encouraged in these systems.

China and Japan are compared in terms of strengths and weaknesses in pursuing networked techno-nationalism. Special focus is placed on analyzing the impact of national innovation and technology policies. Implications of the networked techno-nationalism for sustainable economic development and technology upgrading are addressed using aggregate data on intellectual property development, national policy analysis and firm-level case study. Also discussed is the role of technology leadership in biomedicine in addressing demographic pressures of an aging population and the role of women’s economic empowerment in these systems. The paper concludes with policy lessons for newly developing economies.