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Introduction

Asia and Pacific's growing importance to the rest of the world is widely acknowledged today. The dynamics of Asian economic development have tremendously impacted global trade relationships and regional cooperation. Thus, it is with great pleasure that we deliver another volume of Research Papers on Asia-Pacific economic issues.

This year we present 19 papers by various authors who examine the Asia-Pacific region from different perspectives. We decided to group them into 3 Chapters:

- Cooperation and trade
- Economy and policy
- Risks & challenges

Papers grouped in the First Chapter describe newly emerging regional trade architecture. You will find there a few analyses of general nature and regional scope (J. Dudziński, A. H. Jankowiak, E. Majchrowska) and some studies on specific trade agreements (A. Klimek writes about Shanghai Free Trade Zone, A. McCaleb and G. Heiduk try to find out what motivates China's cities to establish partner agreements with cities in Asia, B. Michalski analysing U.S.-Republic of Korea Free Trade Agreement, while M. Maciejewski and W. Zysk look for opportunities for Polish exports in the trade agreement between EU and Vietnam).

The Second Chapter is the most diverse one. It is devoted mostly to economic policy issues (including financial sector). S. Bobowski, L. Zyblikiewicz and K. Żukrowska look at the main threads in Asian regionalism. P. Pasierbiak and K. Łopacińska analyse the movements of Chinese capital. M. Dziembała and S. Mazurek deal with the subject of innovation supporting growth and development.

Articles in the Third Chapter are focused on extraordinary events influencing economies and development of the Asia-Pacific region. J. Pera prepared an assessment of risk of APEC countries, based on the country risk classification method and selected indexes of internal stability. A. Kukułka and B. Totleben analyse the impact of natural disasters on gross capital formation in Southeastern Asia. Finally, T. Serwach and M. Grabowski and S. Wyciślak deal with synchronization of business cycles and contagion of crises.

We sincerely hope that all the articles will be of great value to those who want to understand the role of Asia-Pacific economies in the global economy. Through various interests of authors, our volume provides a valuable insight into the problems of this region.

All the papers were submitted for the 8th international scientific conference "Dimensions of Regional Processes in the Asia-Pacific Region" which took place in

November 2015 at Wrocław University of Economics, under the patronage of Polish Ministry of Foreign Affairs, Ministry of Science and Higher Education and the Ministry of Economy.

We appreciate your time and consideration, and we look forward to the submission of your own good work. We also appreciate the time and effort of our peer reviewers. Thank you!

Bogusława Drelich-Skulska, Anna H. Jankowiak, Szymon Mazurek

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**AT THE SOURCE OF ASIAN STUDIES: CONTRIBUTION
OF PROFESSOR EDWARD F. SZCZEPANIK**

**U ŹRÓDEŁ STUDIÓW AZJATYCKICH –
WKŁAD PROFESORA EDWARDA F. SZCZEPANIKA**

DOI: 10.15611/pn.2015.413.08
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Summary: The aim of the paper is to present selected aspects of the development strategy of the East Asian economies with a pro-market orientation in their early stages of industrialisation, in the light of the unique achievement of Edward Szczepanik in the area of development of underdeveloped countries – aspects which, in effect, have become an important contribution to studies of Asia, from the viewpoint of economic sciences, also in development economics and transition economics. The paper consists of the following parts: Asian studies from the perspective of the development of the world economy; Asian works of Edward Szczepanik; World and Polish reactions to the Asian works of Szczepanik; Conclusions and evaluation of Edward Szczepanik's achievements. Edward Szczepanik Asian studies have a unique character. They have a timeless value, both in methodological and cognitive aspects as they bring an important contribution to the theory and economic policy of developing countries.

Keywords: Asian studies, Szczepanik, development, economic strategy, world economy.

Streszczenie: Celem artykułu jest zaprezentowanie wybranych aspektów strategii rozwoju gospodarek Azji Wschodniej, charakteryzujących się orientacją prorynkową oraz będących na wczesnym etapie industrializacji, w świetle unikatowych osiągnięć profesora Edwarda Szczepanika w zakresie rozwoju krajów rozwijających się – którego wkład w dziedzinę studiów azjatyckich jest ogromny. Artykuł składa się z następujących części: studia azjatyckie z perspektywy rozwoju gospodarki światowej, studia azjatyckie prowadzone przez profesora Edwarda Szczepanika, światowe i polskie podejście do studiów azjatyckich profesora Szczepanika oraz wnioski i ocena osiągnięć profesora. Badania nad Azją przeprowadzone przez profesora Szczepanika mają unikatowy kształt. Charakter ich jest ponadczasowy, a zarówno metodologiczne jak i poznawcze aspekty, na stałe wpisały się w teorię i politykę ekonomiczną krajów rozwijających się.

Słowa kluczowe: studia azjatyckie, Szczepanik, rozwój, strategie ekonomiczne, gospodarka światowa.

1. Introduction

Since the late nineteen forties of the past century, global interest in socio-economic aspects of Asia, especially East Asia, is growing. This stems, on the one hand, from the growing role of East Asian countries in the global economy, following the economic changes occurring there, and on the other, growing political importance of these countries, which is derived from the social changes taking place in developing countries generally, called in such circumstances underdeveloped countries, economically underdeveloped or Third World countries.

The above phenomena are accompanied by the development of scientific research of an inter-disciplinary character devoted to economic and social problems of the development of East Asia, labelled at times the “The Far East”. Since the mid-nineteen fifties of the 20th century economic determinants have been becoming increasingly important part of this research. Three trends have come to the forefront here. The first is the research around the socio-economic development of Japan – a country with a market-based economy, whose open development model and the accompanying achievements implemented within the social and economic area are an example for other East Asian economies. The second trend deals with Asian developing countries with a pro-market orientation. The third, in turn, concerns Asian developing countries with a socialist orientation – among these, the leading role is played by China and Vietnam, but it also includes the North Korea, Cambodia and Laos.

From the point of view of the genesis of Asian studies, the key here are the studies of the economies with pro-market orientation – Hong Kong, Singapore, South Korea and Taiwan occupy the leading positions in this group.

The aim of the paper is to present selected aspects of the development strategy of the East Asian economies with a pro-market orientation in their early stages of industrialisation in the light of the unique achievements of Professor Edward Szczepanik in the area of development aspects of underdeveloped countries – aspects which, in effect, have become an important contribution to studies of Asia, from the economic sciences viewpoint, also in development economics and transition economics.

Edward Franciszek Szczepanik was a lecturer at China University of Hong Kong between 1953-1963. Among others, he took part in creating the Economics Department there, initially acting as Department’s dean. He co-organized the Economic Society of Hong Kong and was appointed its honorary chairman. Szczepanik’s Asian affair lasted until 1963, including two years in Pakistan.

The studies in Hong Kong which were led by Szczepanik cantered around the economic and social problems of developing countries related, especially, to Southeast Asia and Hong Kong economies. His main research interests also included the problems of Chinese economic development, in the context of its emerging links with the global economy in the late fifties and sixties (the so-called “Great Leap Forward” programme).

2. Asian studies from the perspective of the development of world economy

The development of the world economy, starting from its origins at the turn of the eighteenth and nineteenth century, in addition to analysis of its processes and mechanisms, was accompanied by the research into its structures as regional forms.

In the period of existence of traditional world economy, i.e. until The Second World War, studies on Triad countries – United States and Canada, Western Europe and Japan – were dominant. In today's global economy, i.e. after The Second World War, research into economic and social problems of Asia, Africa and Latin America are on par with the those of the Triad. Over time, these studies lead to the emergence of a separate economic discipline, in the form of Development Economics. The concept began to appear in the economic literature in the 1970's although the issue of developing countries' development had already occupied a prominent position in global economic research and teaching.

In Poland, in 1960's a world renown school was founded dealing with the issues of developing countries, centred around Professor M. Kalecki and prof. I. Sachs. Its core was formed by three academic centres: School of Planning and Statistics, University of Warsaw and the Polish Academy of Sciences.

Developmental problems of the underdeveloped countries were also dealt with by many Polish economists abroad who taught at well-known western universities or worked in international organizations, such as The World Bank, UNCTAD, UNIDO. They had made significant contributions to the study of regional structure of the world economy, including the study of development problems of East Asia economies. Among these economists, Edward Szczepanik takes the leading position, associated academically with the China University of Hong Kong, Sussex University and the Polish University Abroad (PUNO).

While in the traditional world economy Asian studies had related mainly to Japan, in the contemporary economy, beginning from the late 1940's and early 1950's their subject included – apart from India and Pakistan – the countries of Southeast Asia, especially Hong Kong, Singapore, South Korea and Taiwan, known later as the Asian Tigers. In the 70's, they were joined by other countries of Southeast Asia, including Indonesia and Thailand. Since the end of the 70's, this group included PRC, while since mid-80's Vietnam. As a consequence, the development of East Asia rests on the development directions of the whole of Asia, and in extension the global economy.

We stress that the source of the symptoms of the change in the global economy occurring before us is down to the economic dynamism of emerging economies, especially East Asia, which is reflected in a three-decade-long high – often double-digit – GDP growth rate (until the global financial crisis). This is accompanied by an increase in their international competitiveness, and as a consequence, their increasing role in the international division of labour, strengthening the position of the entire

group of emerging economies in the global economy. This became possible, regardless of the effectiveness of the use of internal factors of development, thanks to the open development strategy based on a pro-export model.

Let us go back to the source of economic achievements of East Asia, that is the 1950's. Back then, Hong Kong's economy played a special role growing rapidly since the late 1940's and becoming a model for other East Asia economies. Creation of the development strategy of Hong Kong was heavily influenced by the contribution of professor Edward Szczepanik.

3. Asian works of Edward Szczepanik

Out of Szczepanik's approximately 40 works devoted to problems of East Asia development, two works which bring unquestioned and unique contribution to Asian studies deserve special attention. First, *The Economic Growth of Hong Kong* [Szczepanik 1958], provides an innovative, theoretical foundation for the industrialisation strategy of underdeveloped countries in connection with creation of economic potential. This work has a great value in both theoretical and application aspects. In the current theories, on one hand, the scientific justification for the economic development strategy based on the use of both external factors – foreign trade in particular – and on the other, the problem of use of internal factors – mainly the use of skilled labour as a method of increasing labour productivity, thereby increasing economic growth. It also emphasizes the importance of the cultural factor, which in the subject literature is to be later be referred to as, the so-called, Asian values.

In the preface to this work F. Benham, highlighted the method used to analyse the development of Hong Kong economy and its achievements, and formulates the following opinion about it: "This spectacular development, which has enabled Hong Kong to achieve standards of living much higher than in most Asian countries, must be of great interest to all who are concerned with problems of economic growth and industrialization. What forms did it take? What conditions made it possible and what forces brought it about? What are the limitations, if any, on further expansion? These and allied questions are answered by Mr. Szczepanik, a first-class economist who has studied the subject on the spot for four years. His detailed surveys and illuminating analysis make his little book a valuable contribution" [Benham in: Szczepanik 1958, p. VII].

Edward Szczepanik's second work, *The Economic and Social Problems of the Far East* [1962], is a compendium of knowledge on that period's development problems of East Asia in the light of historical socio-economic framework of the region and development prospects seen in the context of the process of integration with the world economy.

The work is the aftermath of a scientific symposium organised in September 1961, as part of the Golden Jubilee Congress of the University of Hong Kong. It was

the first global debate on the directions of development of East Asia. It was attended by prominent world scientists dealing with the issue of underdeveloped countries. Symposium was dedicated to the key economic development problems of Asia, especially East Asia, including China. It was published by Hong Kong University Press in 1963. Edward Szczepanik was its scientific editor and the author of several articles, including one titled *Balance of Payment of Mainland China* the first scientific publication on China's balance of payments which treated China as a developing country (regardless of the already existing controversies between the PRC and the Soviet Union). China, as a "developing country" appears in international economic and political relations only from the first half of 1970's [Starzyk 2009].

The work contains two observable trends. The first concerns long-run changes in China with a particular focus on the changes after The Second World War. Important in this context is the emphasis of the potential role of the so-called Great Leap Forward (1958-1962), which at the time brought about high hopes among scientists and policy makers in terms of a potential U-turn of socio-economic policy of the PRC and its greater opening to the world economy.

The second trend concerns the development problems of selected countries of East Asia (Japan, Taiwan, Korea, Hong Kong, Indonesia, Malaysia, Australia, USSR) in the context of their position in international economic relations, in particular in Asian regional relations.

It is a pioneering work of world renowned scholars dealing with the issue of underdeveloped countries, dedicated to the key development problems of the East Asia economies, chiefly China and Hong Kong. The posthumous memoirs, dedicated to Professor Edward Szczepanik were given the title: *The first Economist to chart the growth of Hong Kong* (South China Morning Post, 19.10.2005) [Starzyk 2016, p. 58].

4. World and Polish reactions to the Asian works of Szczepanik

The work, *The Economic Growth of Hong Kong*, was published twice by the Oxford University Press (in 1958 and in 1960). For this text Edward Szczepanik received a PhD at the University of London in 1959 for his innovative approach to the model of economic growth. Today, the book may be found in 46 world renowned libraries, including the Library of Congress and those of seventeen leading US universities. *Economic and Social Problems of the Far East*, may also be found in thirty-five renowned foreign scientific libraries. Yet, it is not available in any Polish library.

Scientific achievements and organizational and social experience gained by Edward Szczepanik during his tenure in Hong Kong, had evoked great interest of international organizations. In some of the most prominent ones, Szczepanik was given the position of economic advisor – these included U.N. Commission for Asia and the Far East, U.N. High Commissioner for Refugees, Economic International Coffee Organization.

He was also appointed honourable economic advisor functions of the Planning Commission Government of Pakistan on the behalf of Harvard University in the years 1961-1963, as part of its flagship project on the industrialization of under-developed countries.

What reaction do the Asian achievements of Edward Szczepanik bring in Poland? Szczepanik's pioneering work in the field of Asian studies, as well as the work relating to his other research interests is poorly known in Poland and occupies a modest place in Polish library resources. It was somewhat more in attention in Poland in the mid-nineties following the granting of the honoris causa title to Edward Szczepanik by Warsaw School of Economics (SGH) [Starzyk 2014]. Seven of Szczepanik's books may be found in SGH's library and the Polish National Library; six in the University of Warsaw and the Jagiellonian University. Some of his works can be found in PISM and in the library of Kazimierz Wielki University in Bydgoszcz. A few more titles are in the Library of the State Higher Vocational School of Edward F. Szczepanik in Suwałki.

A large contribution to presenting the Szczepanik's profile and his political, social and academic activity is brought about by the book of Professor Adam Sudoł titled *Edward Franciszek Szczepanik – the last prime minister of the Polish Government in exile* [2009].

5. Conclusions and valuation of Edward Szczepanik achievements

Edward Szczepanik's Asian studies have a unique character. They have timeless value, both in methodological and cognitive aspects, as they bring an important contribution to the theory and economic policy of the developing countries. In conjunction with research into agriculture and agricultural policy during Szczepanik's stay in FAO between 1963-1977 and next at Sussex University and PUNO, they bring a significant contribution to the developmental economics and the economics of transformation. In this methodological context, they also make an important contribution to the Asia studies.

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