
Alan Partee*

Summary

Ethnic Chinese Business Culture as Adaptive Entrepreneurship.

The Topic of this thesis is aiming towards a new approach for explaining the success of the Chinese newly industrialized economies (Ethnic Chinese Economies consisting of Taiwan, Hong Kong and Singapore) through entrepreneurship and integration as opposed to other explanations for the success of the Ethnic Chinese Economies coming from groups such as neoclassical economists, cultural theorists, and orthodox Asian studies scholars. This paper will attempt to show some of the unique features of the Ethnic Chinese Economies entrepreneurial development which are quite different from other developmental success stories such as Japan, Korea, Thailand, Indonesia, Malaysia (the so-called non-Chinese high performance Asian economies or Non-Chinese HPAEs) and that some of these differences potentially offer a new alternative to explaining why the three little tigers of the Ethnic Chinese Economies have been relatively more successful in the 1990’s than the non-Chinese HPAEs.

Regarding the Ethnic Chinese Economies some various approaches will be introduced for explaining their business culture that have been offered in the last 10 years including neoclassical, statist (or revisionist), cultural theorist, dependency theory and comparative institutional analysis and adaptive entrepreneurship. When the Asian financial crisis hit in July of 1997, four Chinese economies weathered the crisis much better than others such as Japan, Korea and Thailand. These four were the People’s Republic of China (PRC) and the three little tigers Taiwan, Hong Kong

* Alan Partee is a PhD candidate at Waseda University Graduate School of Asia Pacific Studies and a Lecturer in English and Economics. He was formerly a research consultant for Evergreen International Corporation in Taipei, Taiwan ROC.
and Singapore. While other Asian economies suffered a drastic drop to below zero GDP growth levels, collapse of stock and real estate prices and general chaos, these four Chinese economies suffered only relatively minor adjustments in all four areas and continued their expansions. This turn of events has caused a need for re-explanation of previous thinking on the subject.

The neoclassical economic model by assuming perfect knowledge and perfect market equilibrium had left the entrepreneur and the state with no major role to be played in the development process. However, out of this desire to expand on the neoclassical foundation, the long founded school of Austrian economics has been revived by many economists. It's only been since 1989 that over a dozen economists and others have begun applying these theories of "adaptive" entrepreneurship to the Asian NIEs economies. These "adaptive" theories differ from Schumpeter's "creative" entrepreneurship theories yet are complimentary. This study will utilize Kirznerian adaptive entrepreneurship as a framework for analyzing the case studies used in this thesis in order to compliment the explanatory power of the neoclassical explanation for the so called miracle of the three little tigers or as some have called the Chinese newly industrialized economies (NIEs or Ethnic Chinese Economies).

OUTLINE

SUMMARY

INTRODUCTION

PART I. Kirznerian Entrepreneurship, Integration and the Ethnic Chinese Economies.

Section 1.1 Kirznerian Entrepreneurship and Austrian Economics
Section 1.2 Entrepreneurship in the Ethnic Chinese Economies but No Schumpeter.
Section 1.3 Entrepreneurship and Integration: Why Together?
Section 1.4 Entrepreneurship in the Public and Private Sectors.

PART II. Integration and Restructuring: Entrepreneurship in the Public Sector.

Section 2.1 4 Types of "Adaptive" Entrepreneurship in the Ethnic Chinese Economies.
Section 2.2 Integration and Restructuring as a Type of Kirznerian Entrepreneurship.
Section 2.3 Introduction to the Comparative Institutional Analysis (CIA) Approach.
Section 2.4 The Case of Public Sector Entrepreneurship in the Singapore Area.
Section 2.5 The Case of Taiwan's Public Sector Entrepreneurship.

Part III: Conclusion

Introduction

Through this framework it will be proposed that the three little tigers Taiwan, Hong Kong and Singapore were possibly immune to the Asian Flu of 1997 because they share three very important common traits within their public and private sectors.

It will be proposed that [Firstly], all three are adaptive entrepreneurial societies that quickly became well integrated into the global trade regime. [Secondly], none of these three states strongly favored or protected a small hand-full of giant firms at the expense of smaller firms, and [thirdly], all three governments to some extent acted as an entrepreneurial agent by breaking down barriers to regional and global integration that greatly advantaged new ventures and small transnational firms.

In support of these three claims many new studies have been published. It will be shown that many studies are in support of proposition #1. For example on Hong Kong: Krause 1988, Cheah 1989, Chau 1993 and Yu 1997 were all very clear in their findings that Hong Kong is an adaptive entrepreneurial society. In the case of Singapore Lee and Low 1990, Lim Chong-yah 1991, K.C. Ho 1995 and Won Bae Kim 1995 all concluded strong support for Singapore's unique brand of adaptive entrepreneurship. In the case of Taiwan Yih and Tsai 1992, Wu 1992, Naughton 1997, You-tian Hsing 1998 and Dedrick and Kraemer 1998 all of these demonstrate the giant endowment of adaptive entrepreneurship in Taiwan.

For proposition #2, there are four seminal works that treat the topic in depth: Fallows 1994, Chiu and Lui 1995, Sung Gul Hong 1997, Meredith Woo-Cumings 1997 and Dedrick and Kraemer 1998 in which a thorough comparison of government policies of Taiwan, Singapore, Japan, Korea and others is carried out. The results are very clear. Governments that chose a few big firms to pamper and protect are all losers in the area of long term productivity, profitability and growth. The industries with no national champions and government incentives that were open to all firms were by far more successful. These cases of "not choosing winners" were mostly in Taiwan, Singapore and Hong Kong where the state acted as an entrepreneurial agent for discovering and filling gaps in the market equilibrium as well as filling gaps in the communication of knowledge. In other words they brought down barriers to market
entry for all entrepreneurs not just the chosen few.

For proposition #3 about the government acting as an adaptive entrepreneurial agent there have been very many new studies. Four of the most important are Lim Chong-Yah 1991 on Singapore, Chiu and Lui 1995 on Hong Kong, Sung Gul Hong 1997 on Taiwan and Dedrick and Kraemer 1998 which covered all three areas very thoroughly. Because they all use a comparative institutional analysis approach, this very broad framework—that brings in many historical circumstances, cross institutional interactions, geo-political considerations and state-society relations—results in very persuasive support for re-explaining the success of the Ethnic Chinese Economies through entrepreneurship and integration. Many other approaches are concerned with whether state actions are interventionist or noninterventionist but this distracts us from the real issue on development: “State intervention is a given. The appropriate question [in explaining industrial transformation] is not how much but what kind” (Evans 1995, p.10).

For this study and for Kirzner (1979, p.116) the main point is to ensure that the opportunities that exist in the market will be discovered quickly and seized whether it be by a public or private sector entrepreneurial agents. This study will first look into how we can expand on neoclassical economics. It is due to the newly researched insights of Austrian economics and the twenty or more recent studies applying these theories to the NIEs, that now it has become possible to expand on neoclassical theories. This study has shown that entrepreneurship has long been ignored by both the neoclassical economists and Asian studies scholars.

In addition, many orthodox sinologists have claimed that the Chinese have quite a lack of entrepreneurship and had predicted in the early 1990’s that the three tigers were heading for a sharp downturn. These studies mostly focused on criticizing Confucian culture and Chinese family businesses and it was shown that through a deeper analysis using a number of new studies done by actual Chinese researchers, a very positive assessment of the Chinese family business, OEMs and SMEs could be achieved. This was necessary because of the fantastic growth in market share and profitability during the early 90’s of the Ethnic Chinese Economies family firms such as Acer Computer, FIC, Asustek, Compal Computer, Mitac, Cathay Life, Formosa plastics, and many others experiencing yearly revenue growth rates that were averaging between 20-50 % for over 10 years (See Shang Ye Zhou Kan 1986–1995
various issues). To add to this puzzle, most of them were making high profit margins in original equipment manufacturing (OEM), something that many experts consider a very low profit mode of business.

Some observations of common characteristics of entrepreneurial policy both public and private will be presented which differentiate the three Chinese Newly Industrialized Economies (NIEs) from the other high performance Asian economies (HPAEs). The main purpose of this thesis is not in debating the extent to which entrepreneurship and integration has been responsible for the Ethnic Chinese Economies success in the 1990’s but rather only in introducing evidence and analysis which could lead to a new alternative to explaining that success. This thesis is just a first step towards that goal but this has been chosen exactly because very few books or studies have been written so far that clearly “present” entrepreneurship as having made major contributions to the success of the Ethnic Chinese Economies. Even fewer books have attempted to “explain” how this may have contributed to high growth and high profitability or for that matter very few have even attempted to introduce entrepreneurship as a possibility. However, many post-1992 Ethnic Chinese Economies case studies and IT or electronics industry studies have provided the evidence and analysis to lead towards this conclusion.

Scope and Limitations

It is far beyond the scope of this thesis to go deeply into the complex debate about exactly which school of thought was more or less right in explaining the so called “Asian Miracle” because dozens of books and studies have been published that involve very complex explanations and a veritable cornucopia of conclusions and speculations. However, what is possible within this limited scope is the introduction to an alternative perspective that has rarely been covered in the literature available on the so-called “Asian Miracle”.

Analytical Framework

As a framework for analysis this thesis will use two relatively new or at least newly revived theoretical constructs. These two are Kirznerian “adaptive” entrepreneurship and the comparative institutional analysis approach to political economy. To my knowledge these two have never been combined into one framework in order to
help explain how the Austrian economic concept of entrepreneurship can be helpful in understanding the economic success of the Ethnic Chinese Economies. The focus of this thesis will be a comparative analysis of some selected publications and studies, which have attempted or neglected to explain the success of the Asian NIEs in terms of entrepreneurship or integration. The conventional wisdom of orthodox thinking on Ethnic Chinese Economies entrepreneurship has either been revised by post-1988 research or become less meaningful through an analysis using the above mentioned new entrepreneurial framework for explaining Ethnic Chinese Economies success through entrepreneurship and integration in both the public and private sectors.

Methods Employed

1. The insurgence of Austrian Economic such as Kirzner's idea of entrepreneurship as discovery and market coordination. (Kirzner 89, 92; Bober 97; Endres 97; Oakley 97)
2. Economics of Increasing Returns. Related to the NIEs because a better understanding of path dependency theories and strategic cluster formation can greatly benefit from these new findings. (Dedrick and Kraemer 98)
3. Economics of Transaction Costs. Again, some point out the cost cutting of the Chinese subcontracting and arbitrage as being partially related to reduced transaction costs.
4. Government intervention in regional integration with private sector firms as eventually dominating the scene using comparative institutional analysis (E. Kim 87, 91; Evans 86, 92;)
5. Beyond Statism and Neo-classical: Comparative Institutional Approach to PE. (Evans 92, 95; Evans and Stephens 88a, 88b; Hong 97)
6. Strategic Clusters and path dependency which also relates very closely to regional integration and strategy of economic policy. (Dedrick and Kramer 98)

B.--------A Chinese centered approach to the Chinese NIEs: A view from the inside looking out.

Trying to see things through the eyes of inside players and Chinese native researchers. This approach has been inspired by Edward Said and Paul Cohen both famous historians of Middle Eastern and Chinese history respectively. Both writers
shocked the academic world with their provocative theses demonstrating some weaknesses in Oriental studies research conducted in Occidental countries because of the ethno-centric approach to the study of the Orient and missing out on some of the actual domestic situation of the time. The ambition is to include as much Chinese input and reference as possible in order to achieve what Paul Cohen calls “a Chinese centered approach to Chinese culture and History”. Too many so called expert studies have neglected to use the available localized studies and research to achieve satisfactory “local content” standards. (Said 79; Cohen 84)

C.-------Through a focus on the “inner workings” and institutions of the public and private sectors, an attempt will be made to offer new insights into explaining the uniqueness and success of the Chinese NIEs.

So many accounts just only “describe” the success of the NIEs but it is still very necessary to also “explain” in more detail the inner workings of the Chinese entrepreneurial environment. A presentation of at least four concepts for explaining the entrepreneurial development of the Ethnic Chinese Economies IT industry will be provided in order to contribute to a better understanding of the inner workings and uniqueness of Chinese institutions and entrepreneurial techniques. Four types of Kirznerian “adaptive” entrepreneurship will be introduced which demonstrate the utilization of “evolutionary” innovation (Austrian economics) as contrasted to the more familiar “revolutionary” innovation that many associate with Schumpeterian entrepreneurship (See Schumpeter 1947; Cheah 1992; Casson 1999)

1. Middleman co-ordination (subcontracting, arbitrage etc...),
2. OEM and followership (product or process imitation and original equipment manufacturer)
3. Spin-offs and networked firms (family businesses and SMEs unofficially but tightly linked)
4. Integration and restructuring (transnational, cross-functional, alliance or spatial arbitrage) (Compiled from Cheah 1992: p.468; Drucker 1986: p.209-216)

These help explain exactly how Ethnic Chinese Economies entrepreneurs go about implementing business strategies and innovations that have put Taiwan, Singapore and Hong Kong into the top position worldwide for such products as notebook computers, monitors, CD ROM drives, motherboards, key boards, mice, scanners,
sound cards, customized EPROM's, and allowed one lone Taiwan company, Acer Computer, to sell more PC's to the US market in 1995 than all Japanese and Korean companies combined. (Dedrick & Kraemer 1998: p.4)

Summary of recent anti-Ethnic Chinese Economies research

Although at first glance the evidence against the Chinese NIEs entrepreneurial culture and civil society seems overwhelming in Fukuyama's book Trust. However, a closer examination "from the inside looking out" reveals a totally different perspective from that of Fukuyama and friends neatly packaged conventional wisdom argument. The nature of the modern influence and adaptation of Confucianism in Ethnic Chinese Economies society and affecting its entrepreneurship is not easily understood without a thorough inside-out approach that takes into account many factors and relevant perspectives coming from within the actual society. One of the conclusions of this thesis is that the case studies and research on the "inner workings" of the Ethnic Chinese Economies had been available since the early 1990's but had not been well utilized by those of the so called "conventional wisdom" school. This conventional wisdom according to Professor Yen Ching-hwang includes famous scholars of Asian studies as he tells us "The orthodox view on the lack of Chinese entrepreneurship held by Albert Feuerwerker, Marion Levy and Shih Kuo-heng has gradually been revised. Economic historians on China such as Yen-p'ing Hao, Thomas Rawski, Sherman Cochran and Wellington K.K. Chan have contributed substantially to the revision of this view." (Yen 1995: p.247). However, in the late 80's and early 90's we see these old conventional views coming back again.

All of the East Asian countries and especially the Ethnic Chinese Economies have at one time or another come under critical attack in the 1990's as will be shown below. Although there are many different types of theoretical camps that have attacked Ethnic Chinese Economies and HPAEs from their various angles, this thesis focuses on four basic groups that will be explained in an overly simplistic manner due to the limited scope of this study. Roughly categorized, these four are as follows:

1. **Statists** (also called revisionist, neomercantilist, interventionist and many are neo-keynesian) believing that governments must intervene into the market and guide the private sector towards the right direction or conduct as some have called
“industrial targeting” or “supporting national champions” (like keiretsu or Chaebol) because the free market needs a lot of extra help in co-ordination. Statists claim that many Asian economies were successful exactly by violating neoclassical principles by having the State intervene with strong industrial policies. (See works by Alice Amsden, Laura D'Andrea Tyson, Chalmers Johnson and James Fallows etc...).

2. **Non-interventionist** (also called anti-statist, most neoclassical economists fit in here, as well as mainstream economists and much of the US government and quasi-governmental groups such as the World Bank and IMF) believing that the free market mechanism is best left alone and that only minor intervention is needed to prevent distortions in the market or where no market exists such as pollution control etc. Also the market keeps itself in equilibrium through the utilization of perfect knowledge by the “rational maximizer” therefore the role of adaptive entrepreneurs is almost non-existent. (See works by Milton Friedman, Gary Becker, George Stigler and James Buchanan as well as many, many others)

3. **Conventional wisdom** of orthodox Asian Studies (includes many famous sinologists, Asian studies and cultural theory scholars) This group believes that historically the Chinese have not displayed entrepreneurial ability, innovation or creativity in doing business and that actually the Chinese have always held businessmen or “shang ren” in very low esteem preferring highly educated scholars and poets. Therefore, we need not look at entrepreneurship in explaining the success of the Chinese. (See the works of Albert Feuerwerker, Marion Levy, Shih Kuo-heng, Edward G. Hinkleman (1994: p.3), Gilbert Rozman (1991: p.24) and Brigitte Berger (1991: p.24) and Francis Fukuyama (1995: pp.56–76) and see why they find entrepreneurship lacking in Chinese society)

4. **Anti-SME & OEM** and anti-familism (only global brands and giant firm size represent real success). This group believes that the Ethnic Chinese Economies have a good stock of entrepreneurship however, small and medium sized enterprises (SME) and OEM are only stepping stones when a country is on its way towards reaching the “big success” which is having many giant brand name companies. For countries like Taiwan, Hong Kong and Singapore to stay with SMEs and OEM is shameful even if they are making higher profits and revenue growth than even the best giants such as IBM, Compaq, Fujitsu, NEC, Toshiba,
and GE. Longing to be “recognized” with well known brands seems to be more important than just plain making money and expanding at over 25% a year for over 10 years. Also some just focus on attacking “familism” and “Confucianism” as stunting the growth of Chinese firm size leaving them stuck in SME and OEM shamefulness. This group often accepts that Ethnic Chinese Economies are very creative, innovative and display great amounts of adaptive entrepreneurship. (See the works of Hicks & Redding (1982: pp.212-19), Gordon Redding (1990: pp. 143-55), Brigitte Berger (1991: p.24) and Siu-lun Wong (1985: pp58-72, 1988: pp. 143-51), Francis Fukuyama (1985: pp.84-98).

These four roughly outlined groups or perspectives have criticized and attacked the Ethnic Chinese Economies from many different angles and techniques. With the exception of number 4, the anti-SME & OEM group, all groups neglect the role of entrepreneurship and integration in explaining the success of the Chinese tigers. Some groups such as the anti- interventionist (neoclassical economists) do not even have any place for the role of the entrepreneur within there framework therefore he is excluded a priori from the analytical framework (See Casson 1999: pp.46-49 and Kirzner 1992: pp.3-37). Although the 4th group tends to acknowledge the contribution of Ethnic Chinese Economies entrepreneurship, this group dwells on the authoritarian, patriarchal, and nepotistic flaws of Confucian influenced “familism” and how this historical baggage has stifled and impeded Taiwan, Hong Kong and Singapore’s potential progress towards modern, professional and large scale firm status. Francis Fukuyama is given a lot of attention below because he is unique in attempting to use all of these arguments together to form a massive criticism of Chinese business culture and lack of Schumpeterian entrepreneurship with great emphasis on the failure to produce world brands and large scale firms. At the same time he fails to mention the fantastic success of the Ethnic Chinese Economies in terms of market share, profitability and innovation within the IT and electronics industry. Fukuyama’s final point is that the Chinese Tigers face certain decline in the future and will be some of the first to fall in the event of any major Asian crisis (Fukuyama 1995: pp.64-145).

Fukuyama’s view regarding Ethnic Chinese Economies alleged lack of entrepreneurship, obstructive familism and gloomy appraisal of NIEs SMEs. The so called
"conventional wisdom" as presented by Fukuyama and these others make it seem clear that Western and Japanese companies are clearly far superior to the Ethnic Chinese Economies in decentralized decision making and the use and execution of entrepreneurial strategies. As is demonstrated by the case studies of IBM, Xerox, Ford, Apple and Digital, touched on in this study, things were not always as entrepreneurial or as decentralized as they appear to be from the "outside looking in". Conversely, we will see in Parts II and III that much research was already available before 1995 that was painting a very entrepreneurial and positive picture concerning the Ethnic Chinese Economies. When we look at America's Huge global combines trying to survive in the IT industry of the 80's we see that even the sympathetic case studies shed lots of light on the problems of entrenched management, infighting, duplication of effort, lack of stewardship, burdensome bureaucracy not invented here syndrome and most of all lack of adaptive entrepreneurship and integration. These points are also well supported in research concerning many major American companies such as IBM, HP, Xerox, 3M, GE, Ford and others. (See the conclusions of Xerox-- Kotter 1990, Ford-- Pelofsky 1989, HP-- King & Stevenson 1983, Yoffie & Pearson 1990, IBM-- Cohn & Yoffie 1992, GE-- Bartlett & Elderkin 1991, 3M-- Bartlett & Mohammed 1995).

**New Research on the Ethnic Chinese Economies Success Story**

The Ethnic Chinese Economies entrepreneurship and integration has experienced exceptional success through a unique set of practices including such things as original equipment manufacturing (OEM), niche market management focusing on increasing returns to scale, entrepreneurship as national and private policy, spin-offs, reverse brain drain, middleman coordination and technology leap frogging. One ground breaking new book that reveals many details explaining the techniques of technology leap frogging, entrepreneurship as policy and the dynamics of spin-off types of business networks is called *The Political Economy of Industrial Policy in East Asia* (Hong 1997). Some research by other scholars also strongly supports this more positive evaluation of the Chinese NIEs entrepreneurship and integration (Winckler 87; Wang NT 92; Aoki, Kim & Okuno 97; Narita 1998 Nov.; Tanzer 1998 June; Chen TJ 98). The above publications present a large amount of new research detailing the relative strength of the Chinese NIEs business community's innovative entrepreneur-
ship, large endowment of social trust, substantial ability in the art of association and
deep rooted tradition of a Confucian brand of Civic Virtue that differs considerably
than that characterized by Fukuyama and the conventional wisdom perspective. Just
like the Case of the Japanese Style Schumpeterian entrepreneurial management
system before 1978, before it was magically “discovered” and introduced to the West
by Peter Drucker, the above new publications of the 1990’s are the foreshadowing of
yet another discovery in Kirznerian entrepreneurship and integration based develop-
ment: that of the Chinese NIEs. Fukuyama is but one example explaining just exactly
why the conventional wisdom on the success of Chinese entrepreneurship is being
revised so slowly.

Since the Asian financial crisis began in 1997 many in the West have begun to doubt
even more deeply the entrepreneurial credentials of East Asian countries. But there
was and still is an entrepreneurial miracle in Asia and as Professor Jagdish Bhagwati
of Columbia University and Nigel Holloway have said, there really was an Asian
Miracle and it consisted of “rapid growth in exports, which encouraged high rates of
investment, which stimulated massive imports of capital equipment embodying the
latest technology, which was fully made use of by a well educated and highly
motivated workforce.” (Bhagwati & Holloway Nov. 1998). In order to maintain
economic development and growth in the aftermath of the Asian financial crisis,
Asian countries need sound and well understood role models. The goal of this paper
is to better understand the inner workings of Ethnic Chinese Economies entrepreneur-
ship and the practices of its successful integration in order to be able to better utilize
this important knowledge for Asian development and growth.


**Section 1.1 Kirznerian Entrepreneurship and Austrian Economics**

**Section 1.2 Entrepreneurship in the Ethnic Chinese Economies but No Schumpeter.**

**Section 1.3 Entrepreneurship and Integration: Why Together?**

**Section 1.4 Entrepreneurship in the Public and Private Sectors.**

**Section 1.1 Kirznerian Entrepreneurship and Austrian Economics**

In this thesis entrepreneurship will be defined using Kirzner’s definition arising out
of the Austrian economic tradition. However because Austrian economics are not widely considered to be mainstream or even well understood except among specialists, it will be needed to first explain these two before defining entrepreneurship for use in this thesis. Since the Garrison Thesis in 1982, many hold that the market process theory of Austrian economics to be a kind of middle ground located between the mainstream neoclassical perspective of market equilibrium on the one side and the profound skeptics of equilibrium on the other (which includes most post-Keynesians) (Kirzner 1992: p.3). Garrison’s point is that mainstream economics has been pulled over to one extreme position concerning knowledge as he states “Perfect knowledge - or perfect knowledge camouflaged beneath an assortment of frequency distributions - has been the primary domain of standard theory for several decades now” (Garrison 1982: p.132). At the same time much of the criticism from post-Keynesians and others mention the “radical uncertainty which shrouds the future. This uncertainty is seen as so impenetrable as to render absurdly irrelevant all those neoclassical theories built up from individual optimizing decisions, assumed to be made between well-defined alternative future possibilities.” (Kirzner 1992: p.4) So, in other words Austrian economics finds itself taking a middle ground in that it avoids both extremes concerning knowledge and possible market equilibrium. The perfect knowledge assumption makes it unnecessary to co-ordinate among decisions while at the other extreme the total ignorance theory makes any systematic market co-ordination completely out of reach. Therefore the middle ground for Austrians would be to view the market process having a mutual knowledge that is “indeed full of gaps at any given time, yet the market process is understood to provide a systematic set of forces, set in motion by entrepreneurial alertness, which tend to reduce the extent of mutual ignorance. Knowledge is not perfect; but neither is ignorance necessarily invincible. Equilibrium is indeed never attained, yet the market indeed does exhibit powerful tendencies towards it. Market co-ordination is not to be smuggled into economics by assumption; but neither is it to be peremptorily ruled out simply by referring to the uncertainty of the future.” (Kirzner 1992: p.5). From this we can see that “entrepreneurial alertness” is one key to understanding the market process theory of Austrian economics. Market coordination takes place through a “discovery process” and “communication of knowledge” in which the entrepreneur places a critical role (Kirzner 1992: pp.139-49) as the discoverer of an opportunity to make money. This
in turn acts as a kind of co-ordination in the marketplace and communicates knowledge about things like prices, trends, and other new developments taking place anywhere and everywhere in the market. Members of the Austrian school such as Kirzner and Garrison clearly admit that they too are basically neoclassical economists that are just trying to widen the explanatory power of economics by including a necessary component of the formula: entrepreneurship and gaps in the market equilibrium. Alertness to opportunities in the market both locally and globally is the essential definitive element for explaining and defining entrepreneurship in Austrian economics, in market co-ordination, in the Ethnic Chinese Economies, and in this thesis. According Fu-lai Yu, an economist using Kirznerian approaches and applying them to Hong Kong, “No matter what form of economic organization, whether central planning or market economy, the central issue is to ensure that the opportunities that exist will be discovered and seized. It is here that the entrepreneur plays a significant role (Kirzner 1979, p.116) (quoted from Yu 1997: p.19). It is this framework that can be used to explain the adaptive entrepreneurs of the Ethnic Chinese Economies.

Section 1.2 Entrepreneurship in the Ethnic Chinese Economies but no Schumpeter.

In this thesis a theoretical framework is needed to help explain and understand both the concept of entrepreneurship and its respective application to the Ethnic Chinese Economies particular situation. However, orthodox neoclassical theories are unable to give a convincing explanation of the reasons for the success of the Ethnic Chinese Economies. In addition, mainstream neoclassical economics really neglects the role of the entrepreneur as Professor of Economics Mark Casson (1982: p.9) of the University of Reading notes “the subject area (of entrepreneurship) has been surrendered by economists to sociologists, psychologists and political scientists. Only the Austrian school...still takes it seriously”. Also Professor Hans Bloomquist, a visiting economist at Waseda University from Finland has pointed out “There really is no place for the entrepreneur in neoclassical economics, the mainstream has neglected him.” (Bloomquist 2000 Jan.5). However, it is in the work of H.B. Cheah that we find hope in explaining the entrepreneurship of the Ethnic Chinese Economies. In his article of 1989 “Two modes of entrepreneurship: a synthesis of the controversy between Schumpeter and his Austrian critics” he introduces the idea that there are two different types of entrepreneurship, that of the Schumpeterian mode and that of the
Kirznerian mode. In economic development they are referred to by different names
one being creative response and the other being adaptive response. Cheah argues that
during the dynamic development process many Schumpeterian entrepreneurs made a
"revolutionary" change in early industrialized economies and created a developing
gap in the world economy which is a "creative response", while Kirzner's Austrian
entrepreneurs have had an "evolutionary change" on late industrializing economies
which is an "adaptive response" (Schumpeter 1947; Cheah 1992; Casson 1999). These
adaptive response entrepreneurs such as those of Taiwan, Hong Kong and Singapore
(Ethnic Chinese Economies) maximize profit opportunities by using business strat-
egies such as Fig. 1.20 below:

Fig. 1.20 Four Types of Adaptive Entrepreneurial Strategies of Ethnic Chinese
Economies:
1. Middleman co-ordination (subcontracting, arbitrage etc...),
2. OEM and followership (product or process imitation and original equipment
manufacturer)
3. Spin-offs and networked firms (family businesses and SMEs unofficially but
tightly linked)
4. Integration and restructuring (transnational, cross-functional, alliance or spatial

These will be used in Part III but at least we can see that the mode of Kirznerian or
"adaptive" entrepreneurship is different from that of Schumpeterian or "creative"
entrepreneurship because the former is evolutionary and the latter is revolutionary
according to the work of H.B. Cheah stated above. This is not to say that the adaptive
mode does not require a great deal of creativity within the mind of the entrepreneur.
Actually, in many cases the adaptive entrepreneur may be as creative or even more
so than the so-called revolutionary or "creative" entrepreneur. As Peter Drucker
(1985: pp.205-215) has many times pointed out, entrepreneurs who imitate or follow
are sometimes the most creative of all because they find ways to use things that the
pioneers have never tried and they add value by servicing markets that the pioneers
can't service. Therefore the key point is not to be fooled by the wording of adaptive
or creative but rather understand that they are both equally creative individually and
complimentary to the market and society as a whole.

Section 1.3 Entrepreneurship and Integration: Why Together?

At this point we need to define integration and ask why it is used together with entrepreneurship in the framework of this thesis. As stated in Fig. 1.20 above, integration and restructuring are one of the primary types of entrepreneurship. There are many types of integration such as fig. 1.30 below.

Fig. 1.30 Some Types of Strategic Entrepreneurial Integration.
1. Moving production off-shore when shifts in labor markets occur
2. Restructuring the division of labor to meet new demands
3. Strategic alliances with companies that used to be enemies
4. Bringing a new ethnic or background mix of management into a company or country
5. Allowing for more cross-functional cooperation between the public and private sector.
6. Making more cross-functional cooperation between different countries, companies or groups.

These are things that Ethnic Chinese Economies firms and governments do very well but which are also not very well understood in the West by those who are less familiar with adaptive entrepreneurship. In the 1990's the Ethnic Chinese Economies have pulled ahead of all other non-Chinese Asian countries such as Japan, Korea, Thailand (Non-Chinese HPAEs) in terms of GDP growth, revenue growth and profitability. Therefore, one aspect of this thesis is explaining the Ethnic Chinese Economies great success in the 1990's specifically. In being as specific as possible, it can be shown that of the four types of Ethnic Chinese Economies adaptive entrepreneurship shown in fig. 1.20, successful integration has been the deciding factor in explaining the difference between the Ethnic Chinese Economies and the Non-Chinese HPAEs (See Part III below).

In all of the seven ways listed above and even some others, the Ethnic Chinese Economies have shown great alertness and sensitivity to fast paced fast changing world of the IT and electronics industries. As it will be shown in section 2.5, Taiwan was very alert in integrating its production first into SE Asia, then later into China
and finally into places like Vietnam and the Philippines. What has been far different
than the situation of Japanese and the US large MNC's firms is the fact that even very
small firms have managed to participate in the integration. This leads to the
conclusion that the very nature of the entrepreneurial environment in these countries
is somehow different as will be shown in Part II. Therefore, this thesis will emphasize
the importance of integration as one method of entrepreneurship that stands out
among the other four mentioned above. This emphasis on integration also is impor-
tant in understanding how governments in the Ethnic Chinese Economies formulate
policies that some have noted seem to be very entrepreneurial almost as if the
government is acting as an entrepreneur itself which brings us to the next section.

Section 1.4 Entrepreneurship in the Public and Private Sectors.

As stated above, one unique feature to be explained is the entrepreneurial behavior
in the Ethnic Chinese Economies of both the public and private sectors. In other words,
a kind of functional integration between the two while at the same time keeping a
healthy degree of distance when it comes to conflicts concerning the public good. One
very large contribution on this subject The China Circle edited by Professor Barry
Naughton (1997: p.1) of U.C. San Diego summarizes the project's findings by discuss-
ing the dynamic entrepreneurship of Taiwan and Hong Kong and then he mentions
that the individual entrepreneurs really seem to always be the engine that drives these
"China circle" economies towards integration but then he suddenly adds a deeper
observation:

"A closer look, however, reveals that evolving government policy has also been an
essential part of the story. Modifications of long standing policies have been crucial
in accommodating the emergence of economic ties. Indeed, in some respects govern-
ments have been almost as entrepreneurial as private businesses in facilitating and
stimulating lucrative economic activity. Like firms, governments can be seen to be
reacting to changing economic circumstances that present new challenges and oppor-

Therefore, just as the individual entrepreneur must stay alert to constantly chang-
ing local, regional and world situations, so too the public sector of the Ethnic Chinese
Economies has played the role of the Kirznerian adaptive entrepreneur always on the
alert for some new discovery that will lead to adjustment or modification in govern-
ment policy or activity in order to capitalize on some new opportunity. Presenting these types of adaptive entrepreneurship examples is the main point of this thesis. The public sector acting as an entrepreneur will be discussed in Part III with the case of the Singapore government.

PART II. Integration and Restructuring: Entrepreneurship in the Public Sector.

Section 2.1 4 Types of "Adaptive" Entrepreneurship in the Ethnic Chinese Economies.

Section 2.2 Integration and Restructuring as a Type of Kirznerian Entrepreneurship.

Section 2.3 Introduction to the Comparative Institutional Analysis (CIA) Approach.

Section 2.4 The Case of Public Sector Entrepreneurship in the Singapore Area.

Section 2.5 The Case of Taiwan's Public Sector Entrepreneurship

Section 2.1 4 Types of "Adaptive" Entrepreneurship in the Ethnic Chinese Economies

It is in the works of H.B. Cheah that we find hope in explaining the entrepreneurship of the Ethnic Chinese Economies. In his article of 1989 "Two modes of entrepreneurship: a synthesis of the controversy between Schumpeter and his Austrian critics" he introduces the idea that there are two different types of entrepreneurship, that of the Schumpeterian mode and that of the Kirznerian mode. As noted in Part I, in economic development they are referred to by different names one being creative response and the other being adaptive response. Cheah argues that during the dynamic development process many Schumpeterian entrepreneurs made a "revolutionary" change in early industrialized economies and created a developing gap in the world economy which is a "creative response", while Kirzner's Austrian entrepreneurs have had an "evolutionary change" on late industrializing economies which is an "adaptive response" (Schumpeter 1947; Cheah 1992; Casson 1999). These adaptive response entrepreneurs such as those of Taiwan, Hong Kong and Singapore (Ethnic Chinese Economies) maximize profit opportunities by using business strategies such as Fig. 1.20 below:

1. Middleman co-ordination (subcontracting, arbitrage etc...),
2. OEM and followership (product or process imitation and original equipment manufacturer)
3. Spin-offs and networked firms (family businesses and SMEs unofficially but tightly linked)
These are the types of adaptive entrepreneurship that will be seen in the cases.

Section 2.2 Integration and Restructuring as a Type of Kirznerian Entrepreneurship
Integration and restructuring are one of the primary types of adaptive entrepreneurship. There are many types of integration such as listed below.

Some Types of Strategic Entrepreneurial Integration.
1. Moving production off-shore when shifts in labor markets occur
2. Restructuring the division of labor to meet new demands
3. Strategic alliances with companies that used to be enemies
4. Bringing a new ethnic or background mix of management into a company or country
5. Allowing for more cross-functional cooperation between the public and private sector.
6. Making more cross-functional cooperation between different countries, companies or groups.

These are things that Ethnic Chinese Economies firms and governments do very well but which are also not very well understood in the West by those who are less familiar with adaptive entrepreneurship. In the 1990's the Ethnic Chinese Economies have pulled ahead of all other non-Chinese Asian countries such as Japan, Korea, Thailand (Non-Chinese HPAEs) in terms of GDP growth, revenue growth, profitability (See Part IV). Therefore, one aspect of this thesis is explaining the Ethnic Chinese Economies great success in the 1990's specifically. In being as specific as possible, it can be shown that of the four types of Ethnic Chinese Economies adaptive entrepreneurship shown in fig. 1.20, successful integration has been the deciding factor in explaining the difference between the Ethnic Chinese Economies and the Non-Chinese HPAEs (See Part III below).
In all of the seven ways listed above and even some others, the Ethnic Chinese Economies have shown great alertness and sensitivity to the fast paced fast changing world of the IT and electronics industries. As it will be shown in section 2.5, Taiwan was very alert in integrating its production first into SE Asia, then later into China and finally into places like Vietnam and the Philippines. What has been far different than the situation of Japanese and the US large MNC's firms is the fact that even very small firms have managed to participate in the integration. This leads to the conclusion that the very nature of the entrepreneurial environment in these countries is somehow different as will be shown in Part II. Therefore, this thesis will emphasize the importance of integration as one method of entrepreneurship that stands out among the other four mentioned above. This emphasis on integration also is important in understanding how governments in the Ethnic Chinese Economies formulate policies that some have noted seem to be very entrepreneurial almost as if the government is acting as an entrepreneur itself which brings us to the next section.

Section 2.3 Introduction to the Comparative Institutional Analysis (CIA) Approach

The integration of Singapore into the surrounding region has at many times been initiated or promoted by the governments and institutions of the area or what we will call the public sector. However, after the initial start up of plans such as growth triangles or economic zones, the private business sector due to its quickly accelerating economic involvement has typically outpaced the governments or other NGOs in the rapid push for integration. In order to really understand the rapid success of Singapore's integration we must give most of the credit to the actions of the private business sector in the long run while at the same time focusing on how the public sector was able to initiate these entrepreneurial projects successfully in the short run. Although many non-interventionist economists (usually neoclassical economists) consider the government initiation of growth triangles or economic free zones as breaking free market rules by government intervening into the realm of the private sector actually, this intervention is only for the short run, the real credit in the long run should go to the free market private business sector.

This view is well supported by a school of political economy using an analytical framework called the "comparative institutional analysis approach". Starting from
the critical conclusions of both Evans and E. Kim that because of the dynamic and ever changing nature of state-business relationships, state dominance is doomed to decline in the long-run due to the much faster growth of the private sector than the state sector (E. Kim 1987, 1991; Evans 1982, 1985, 1986). Many other approaches are concerned with whether it is interventionist or noninterventionist government action but this distracts us from the real issue on development: "State intervention is a given. The appropriate question [in explaining industrial transformation] is not how much but what kind" (Evans 1995, p.10) This analytical framework differs from the more conventional approaches such as the Statist, Neo-classical and dependency frameworks. This new approach was developed by Peter Evans, John D. Stephans and Eun Mee Kim (Evans & Stephans 1988a, 1988b; Evans 85, 86, 92, 95; E. Kim 87, 91) and has been greatly developed further by Masahiko Aoki, Hyung-Ki Kim and Masahiro Okuno-Fujiwara (Aoki 97; Kim 97; Okuno 97) In this section it will be shown that actually the governments only initiate these economic zones and special agreements. To really have an understanding of how the Singapore area countries are integrating so quickly it is important to look at the great extent of the initial government role, the eventual entrepreneurial role and the other external forces such as the ending of the cold war and the new forms of protectionism being strengthened through such mechanisms as NAFTA, the European Union and "super 301".

Section 2.4 The Case of Public Sector Entrepreneurship in the Singapore Area

Growth circles or in this case "growth triangles" have already proven to be a successful method for governments to promote wider and wider scopes of productive integration between nearby yet historically unintegrated economies which we can also call regional trade blocks. In section 2.5 we will see the rapid growth through integration in the South China trade circle or "Greater China Trade Block" including Taiwan, HK, Guangzhou and Fujian Provinces. In this case Singapore, the Malaysian State of Johor and the Indonesian Riau Islands (Batam and Bintan) make up one such regional trade block. Following a series of Singapore-Indonesia and Singapore-Malaysia ministerial meetings from 1988 to 1991, the Growth Triangle has officially come into being. This section will focus on the public sector acting as an entrepreneur because as part of the framework of this study mentioned in Part I above. The public sector is integrating its policy in co-ordination with the private sector and both
sectors under the concept of Kirznerian adaptive entrepreneurship “must be alert to opportunities and changes in the local and all relevant markets” (See section 1.1 and 1.2).

According to Kirzner (1979, p.116) the main point is to ensure that the opportunities that exist will be discovered and seized whether it be by a public or private sector entrepreneurship. In addition, this concept fits in very well with comparative institutional analysis (CIA) because they both recognize that both the private and public sector institutions interact, evolve and transform over time and in addition they both continuously affect and react to the geo-political situation of the various world systems and institutions. The key goal of both perspectives is that knowing the historical, cultural, geo-political and cross-institutional dynamics of any particular area is clearly the prerequisite to reaching towards either entrepreneurial “alertness” for market opportunities or the quest for more fully explanatory approaches to understanding political economy such as the CIA approach. According to Professor Sung-gul Hong (1997: pp.32–33) of Hong Kong, who has applied the CIA approach to the Taiwan and Korean semi-conductor industries in a 1997 book:

“The State seldom remains as developmental, pluralist, or corporatist in the policy making and implementation process over time, not only because of the dynamic state-society relations but also because of the bureaucratic politics within the state which greatly affects the actions of the state. ...state and state–society relations are variant through time, across societies, and across industrial sectors; and both domestic and international factors effect the political outcomes in a country”

Therefore, it becomes essential to explore and understand all of these variables regarding the integration of the Singapore area as well as the dynamics of the shifting roles between various private and public institutions and the area’s geo-political configuration. Knowing more about these things will also compliment the concept of adaptive entrepreneurship and being alert to the shifting shocks and opportunities in the market both locally and globally.

The Case of Singapore’s Integration

This case will focus on the initial implementation period from 1990–1993 and the relevant developments in the geo-political and world trading regimes. The original concept for this economic grouping came partly from Singapore’s desire to strengthen
its international competitiveness, and partly from Singapore’s new thinking on ASEAN which has rallied without good results concerning economic cooperation (Vatikiotis 1990: p.15). This again is another complementary economic configuration. Speaking at an investors forum in Jakarta in 1990, Lee Hsien Loong, Singapore's then Trade and Industry Minister, said: “Singapore is short of land and labor, but has more developed infrastructure and a higher concentration of manufacturing and service industries. Indonesia (as well as Malaysia) has abundant labor and natural resources, and potential for tremendous growth once these are organized and developed.” (Quoted in Vatikiotis, 1990, p.15).

As the Singaporean industrial structure is heavily dependent upon foreign investors includes many transnational corporations (TNCs), the triangle is intended to develop higher technology by offering an enormous investment opportunity and environment to those investors who come from the developed countries with their high technology. In order to globalize its economy to cope with future competitive challenges, Singapore, which has learned from the experience of the TNCs, has been trying to integrate with neighboring economies as a way of expanding its economy. Allowing neighboring economies to share its successful economic performance, Singapore has been trying to portray itself as an economic powerhouse in the triangle, as the center for introducing more updated advanced high technology from the TNCs, on the one hand, and as the manager for economic development, on the other. This is demonstrative of how the public sector is acting as the entrepreneur in regards to staying alert to opportunities or potential shocks in the regional and world markets and then upon discovery of an opportunity, decisively seizing upon it. Tun Daim Zainuddin, a former Malaysian Finance Minister (and now minister again since the hotly contested arrest of Finance Minister Anwar), realizes that “Prosperity is our goal, and that prosperity should be shared” (quoted in Burton 1994: p.24). It is this which has brought the triangle economic complex into effect.

The original conception of the triangle rose out of the global competitive strategy of the TNCs, which have diversified and integrated their production processes in different countries. The purpose of the diversification of production has been the search for competitive advantage through moving on opportunities ahead of others or following others coming from a different competitive angle. The Japanese electrical giant Sony, for example, has been producing some electronics components in Taiwan,
assembling in Malaysia, but retaining its marketing and management operations in Japan. Of course, with Batam and Johor's ready labor and land availability at competitive rates, combined with Singapore's efficient infrastructure, seasoned adaptive entrepreneurs and technical expertise, the triangle has continually made itself more attractive to foreign investment and competitive in world markets. This is what Singapore's former Prime Minister, Lee Guan Yew, had envisioned: "Singapore as a hub can serve not only their home market, but also the regional and world markets. Furthermore, they can tap the region's bigger and cheaper labor pool. Labor-intensive parts of a product can be done in neighboring countries and exported to Singapore for more capital- or skill-intensive operations" (Salem 1988: p.77).

If a single regional trade block is thought of as a process of Asia-Pacific regional economic integration in a limited area, the drive will certainly come from a common interest in economic integration. The governments of Singapore, Malaysia, and Indonesia initiated the Growth Triangle, but their actions play lesser role in the long-run than the private sector's entrepreneurs increasing pace of development contribution (Aoki and Ohashi, 1992, p.27). Although some skeptics in Malaysia and Indonesia see this initiative as having specific Singaporean objectives, by 1991 there were twenty-eight multinational corporations, including the region's biggest business group Liem Sioe Liong's Salim Group and companies controlled by Suharto's family, planning to invest in Batam Island in response to Singapore's entrepreneurial government proposal for the development of the Triangle (Vatikiotis, 1991, p.35). It is also said that the good relationships cultivated between the public and private sectors such as with Indonesian tycoon Liem Sioe Liong and the Singapore government has facilitated the development of the triangle concept (Central Daily News, Taipei, 13 March 1994). This is demonstrative of looking at entrepreneurship as a complex and interactive system where the key concern is not "who does what" but rather that some kind of integration takes place that achieves a meeting of the minds between different institutions and results in a decisive set of actions to respond to the newly emerging opportunities. This kind of adaptability fills in the gaps within the imperfect market and facilitates better co-ordination.
Entrepreneurial Integration as responding to emerging shocks in the trade regime: Protectionism.

Taiwan and Hong Kong have already taken measures in the late 80s to diversify its export markets because of the frequent trade games being played in industries like shoes and clothing by the USA. (Baldwin et al 1995: pp.151-59) The rules were always being changed as a strategy to throw off the business practices of the highly successful Chinese shoe and clothing industries. However, in spite of the increasingly hostile trade regime, the Ethnic Chinese Economies were alert and highly adaptive to the shifting landscape of the world trade regime. Thirdly, the effect of North America and the European Union (EU) becoming more protectionist has boosted the importance of Japan for the East Asian export-led economies. By 1992 Japan had not only become an investor, banker, trader, and technology supplier for all East Asian export-led economies, but had also provided a large market for their exports. This Asia-Pacific economic cooperation has been leading to a new phase of economic integration. In addition by 1993 China had re-affirmed its intentions to reform and keep an open door policy to the world meaning that she, like Japan, would continue to promote Asia-Pacific economic cooperation.

However, there were two sources of uncertainty, which greatly affected Asia-Pacific regionalism. Firstly, the global trading regime was rather weak, "as regional integration proceeds, as intra-firm trade continues to grow, and as trade among strategic alliance partners increase" (Drobnick 1992: p.15). Although the prolonged Uruguay Round negotiations of the General Agreement on Tariffs and Trade (GATT) did finally reach a compromise in December 1993, the result was not an instant assurance for economies and regional blocs around the world over trade problems. During 1994-95 it was not clear whether the World Trade Organization would eventually bring about increasing protectionism or deregulation but what was clear was that being alert to emerging changes and well prepared for sudden shocks would eventually be the difference between sink or swim when the Asian financial crisis hit in July 1997. More protectionism did rear its ugly head in the form of exclusive alliances like NAFTA and the European Union which have been hotly criticized for so called "trade diversion" tactics according to Professor of Economics Jagdish Bhagwati of Columbia University (The Economist 1998: Aug.22 & Oct.3). At a speech he gave at Waseda University in May of 1999 Professor Bhagwati said "They
should take the free out of NAFTA and just call it NATA because it promotes the opposite of free trade. Not only does it engage in trade diversion, which is bad, it also creates a diversion away from the discussion on real global free trade.” (Speech arranged by Graduate School of Asian Pacific Studies). As many had at that time believed that “the end of the Uruguay Round will not be the end of trade talks or trade battles” (Branegan 1993, p.30), the future for freer trade could be more troubled, as The Economist (1993: Dec.18), for example, had suggested.

Secondly, the trade friction between Japan and the US seemed to be about to damage the world trade regime under the GATT, and also block Trans-Pacific regional cooperation. While Japan had continued to benefit from a huge trade surplus with the US, Japan had kept its domestic markets relatively closed to foreigners until April 1, 1998 which marked the beginning Japan’s “Big Bang” deregulation called “kisei kanwa” in Japanese. Since the US Omnibus Trade Act of 1988 was introduced, US administrations have made use of “Super 301” legislation as a foreign policy instrument pressing Japan and others for bilateral trade negotiations (US Senate 1990: Apr.27).

Trade surpluses, protected domestic markets, and the US threat of imposing ‘Super 301’, characterized the picture of the US-Japan’s trade fight of the mid 90’s. And now with the Asian Financial Crisis dragging on and on America seems to be in a fine position to apply pressure to countries such as Japan and others regarding the opening up of their markets and calls for “transparency” in the world system. For example Japan is now under a massive reform movement as well as Korea and Thailand with the aim of restructuring the banking and financial sectors and allowing more foreign involvement. This “kisei kanwa” or Big Bang involves allowing the industries of insurance, securities brokering, banking, dealing in mutual funds and the selling of derivatives to all be opened up step by step to foreign companies and free market competition. As for the often-repeated issue of transparency, this involves getting financial sectors to change their practices and official policies to conform more to what is called the “international standard”. The critical stumbling block is that it seems to actually be more of a Western or even Anglo-Saxon standard rather than a truly international one. This is because the Western countries are not always more transparent in an absolute sense. They are just transparent when and where they want to be or according to historical norms and customs. Conversely, many Asian
countries or businesses are transparent in different ways.

In February 1994, a showdown over US access to Japanese markets brought about renewed tension. Subsequently, the US has threatened to cite Japan in a ‘Super 301’ action (1) (Lawrence & Schultze eds. 1990: p.5). Many observers, at the time, feared that it might trigger a trade war (The Economist 1994 Feb. pp.74, 77). In May 1995, the US threatened to impose 100 per cent of import tariff on Japanese luxury cars unless Japan agreed to measures to open its market to US cars and car parts. The sanction imposed by the US would cost Japanese Carmakers about US$5.9 billion (Hamilton and Williams, 1995). The US believes that because the Japanese economy is different from other industrialized countries, increased unilateral pressure is the only way to bring about change (Fallows 1994). In spite of a trade pact finally reached the following June, which dramatically eased the tension, it is clear that the pact did not resolve all differences between the US and Japan. Actually even after this confrontation there were a number of issues ready to be presented, such as US landing rights for air passengers and cargo, and Kodak’s trade complaint against Fuji film (2) (Borrus, 1995; Business Week 1994 Feb.28, pp.14-19; The Economist 1994 Feb. pp.74, 77). This uncertainty will surely continue to make the global trade regime more turbulent not only for regional economic integration but also the critical US relationships with the Asia-Pacific exporting economies. The desire for a larger political framework to provide a mechanism of dialogue has partly contributed to the emergence of Asia Pacific Economic Cooperation (APEC).

Economies in APEC have been sharing very similar patterns of economic development, i.e. considerable levels of dependence upon US and Japanese technologies and industrial techniques, and US markets. Japan, the NIEs, ASEAN and China together, have constituted a dependent and interdependent pattern at different levels of skill, wage rate, and economic development or in other words an integrated division of labor. “The flow of investments from the upper to lower tier of countries acts as a transmission belt in transmitting growth momentum from one tier to the next” (Low, 1991, p.378). Since the mid-1980s, the NIEs have been commonly suffering from the “NIEs disease”—which is basically rapidly appreciating currencies, soaring property prices, and shortages of labor, thereby losing their comparative advantages in labor-intensive industries. Because of the Ethnic Chinese Economies alertness to this emerging international situation Ethnic Chinese Economies entrepreneurs where able
to react quickly and adapt effectively by quickly integrating their industries into Southeast Asia and China, as part of their strategy of restructuring industries to maintain their high growth and competitiveness (Yam 1997, pp.111-16).

Regional economic development has increased the speed of economic integration in the region. The economic framework of an international division of labor in production (resulting from the NIEs-based foreign investment flows, their upgrading of technology and industrial cooperation in the region) has raised the possibility of further economic integration. However, economic integration will be meaningful only if regional economies have been actively participating in an international division of labor (Chung C 1997: pp.164-69). It is quite clear that the Ethnic Chinese Economies industrial restructuring and adaptiveness has contributed to exports of capital, technology, and industrial experience to other APEC developing economies. Furthermore, cross border investment and inter-industry cooperation has not only created comprehensive economic ties between regional economies, but also generated certain common business interests such as a commitment to keep the world trade system free and open.

**Singapore area case conclusion**

The growing trend of economic tie-ups, occurring amongst a group of neighboring economies including Singapore, Johor and the Riau Islands are a good example of entrepreneurial integration between the public and private sectors as well as between the three areas of the triangle. The impact of the Ethnic Chinese Economies' policy for industrial restructuring due to their adaptive entrepreneurship has been to change both the pace of structural adjustment and the political circumstances in the rest of the Asia-Pacific area as a whole, resulting in the rise of economic groupings like the "China Circle" (Naughton 1997) or even more specifically the Johor—Singapore—Bintan Regional Trade Block. The clearest example can be seen in the case of the emergence of "Growth Circles" in the Asia-Pacific area (Naughton 1997, pp.3-11) such as the Growth Triangle amongst Singapore, Malaysia, and Indonesia; and the Southern China Trade circle amongst Taiwan, Hong Kong, and the Fujian and Guangdong provinces in China. Nevertheless, East Asian regional trade blocks have made their own way towards economic cooperation by relying upon entrepreneurial based integration and restructuring in which the endorsement of governments has
followed closely the private sector developments by being alert to opportunities, prepared for shocks, and sensitive to the needs of entrepreneurs as was the conclusion of a major study done by the International Monetary Fund (IMF 1993 *World Economic Outlook*). This is especially true in the case of the emergence of the China Circle, the Bohai Sea Economic Circle, and the Yellow Sea Economic Circle (Naughton 1997, pp.3-15). In most all of these cases the government has played a big role in the initial planning and promotion of integration.

However, the real credit for the long term integration of Ethnic Chinese Economies and especially the Singapore, Johor and the Riau islands of Batam and Bintan economic integration success should be given to the private business sector. Unfortunately, due to the slow recovery after the Asian Financial Crisis and ensuing recession practically everywhere in Asia except the Ethnic Chinese Economies and China, it is now possible that many of these growth triangles will fall prey to the demands of groups like the IMF regarding fast paced liberalization and transparency and succumb to pressure by the U.S. to change their alleged “cozy ways” and crony capitalism. This is polite wording from the Western hegemony, which has the connotation of under the table dealings and practices of cronyism. Actually it is still unclear as to what degree Asian government’s “shady practices” really deserve blame for the Asian financial crisis. But many of these anti-statist criticisms could be resolved if it was clear that the role of the state was primarily “entrepreneurial” and that the free market forces of the private sector and its adaptive entrepreneurship, over the long run, was the dominant player deserving most of the credit for success as supported in the research of Evans, E. Kim and others stated at the beginning of this section.

**Section 2.4 End Notes**

1----“Super 301”, the center of the Omnibus Trade Act of 1988, provides mechanism through which U.S. trade negotiators can threaten the eventual imposition of special surcharges on a country’s imports if that country does not agree to modify its “unfair” trade practices (as unilaterally defined by the US), but gives the President great flexibility in determining whether or how far to apply the sanctions. ’ (See Lawrence and Schultze (Eds.) 1990: p.5)

2----For details of some trade rows between the US and Japan see reports “Tough

**Section 2.5 The Case of Taiwan’s Public Sector Entrepreneurship**

Taiwan's Economic Policy Development: An Experimental Approach to Entrepreneurship.

1958-1973 Shift to export platform and protection of fledgling markets.

The real story behind the scenes regarding Taiwan's economic planning is directly connected to the so called “super technocrats” such as KY Yin and KT Li who were U.S. educated and experienced holding Ph.D.'s in Engineering and Physics respectively. K.T. Li has even published a book in English titled *The Evolution of Policy Behind Taiwan's Development Success*, (1988a Yale Press) in which he describes in detail the considerations made in order to make an entrepreneurship based system that would never rely on the government to bail out big business but instead rely on the dynamic entrepreneurship of SMEs. This goal was finally achieved by bringing down the barriers to market entry for new ventures through government schemes aimed at open access to venture capital, state sponsored research and tax holidays for firms of all sizes.

Much of this policy making was done in the in the spirit of an experimental science that was trying to discover something new that didn't exist in the outside world. Although analysis of new theories had a role in the making of economic policy, it was also greatly affected by the larger context of dynamic systems of power operating both in Taiwan and on the world scene. (Li 1988b, pp.98-102) They are also the reason I call this a “planned unplanned” economy because at that time a planned economy usually referred to communist economies and rarely to capitalism, which of course had to be the official namesake of the Taiwan economy to appease the language hegemony of capitalist countries and receive the financial aid package. In name only unplanned, in day to day reality perhaps the most carefully planned and tightly controlled economy of its time. But in reality it was neither Communist nor capitalist but rather a new experiment altogether (Li 1988b, inside cover page).
If we look at the stories of K.Y. Yin (Yin Chung-Jung) and K.T. Li (Li Kwoh-Ting) as the economic leaders and planners of the Taiwan success story, it is easy to see that Taiwan's economic miracle was not really a miracle but rather the result of improvements in organizational development as well as the careful making of national economic policy based on a Kirznerian kind of entrepreneurship, albeit aided by a dose authoritarian control and systematic elimination of corruption and waste. Because of strong American reaction to the corruption in the distribution of American aid to China from 1945-1949 through UNRRA aid program, the US Congress made it clear to Taiwan that continued US aid was dependent on tight control over corruption. This strengthened the leverage of the technocrats such as KY Yin and KT Li against political interference. The combination of this leverage and the following special powers made this all possible:

Table 2.50 Autonomy of the Technocrats

1. A super-ministerial unit to coordinate with the activities of all other ministries in order control unification of economic policy and its execution.
2. Complete centralized control over US aid for proper utilization and management.
3. Strong American support for independent technocrats well known for expertise.
4. Chiang Kai-shek's high confidence in KY Yin and KT Li and giving them the freedom and power to tightly control the path of Taiwan's economic future.
5. The distance between the private sector business and the economic technocrats safeguarded against corrupt influence and private interest politics.
6. The deep knowledge and experience in international economics and modern science of the chosen technocrats such as Yin, Li, and their recruited staff.

(Compiled from Vogel 1991 pp.24-29)

All of these special characteristics proved to be most important in transforming Taiwan from an "import substitution" (1945-58) economy to "export platform" (1958-73) economy based more on manufacturing and subcontracting for larger foreign companies (Baldwin, Chen & Nelson 1995, pp.2-9). The switch over to an export orientation could only be facilitated by large-scale government intervention into the realm of development not unlike the pattern seen in other nearby countries such as Japan and Korea. However, contrary to Japan and Korea's policies, Taiwan (as well as HK and Singapore) did not pick a few large companies to favor and
become national champions but instead let private entrepreneurship run free only focusing on incentive plans that were available to all comers no matter what size (Li 1988b, pp.98-101). This was far different than the other Asian high performers such as Korea and Japan who had basically given special favors and support primarily to the 6 or 8 largest conglomerates and left the small and medium sized firms behind as a kind of second class society (Fallows 1994: pp.72-116; Woo-Cumings 1997: pp.335-339; Dedrick and Kraemer 1998: pp.76-113).

This demonstrates one of the key points of this study. The key point is not whether or not you target industries for investment, but rather that the state does not choose winners and losers in the market place. In order to keep discipline in the market, there should be no special favors, low interest rates, tax holidays or bailouts for big companies or well connected companies but rather let the market decide. That is if one's goal is to promote a competitive market and have the kind of long term high stable growth like the Ethnic Chinese Economies have enjoyed for over 40 years.

Shift to expansion through FDI in 2 stages: ASEAN (1985-1990) and South China (1991-1994)

First Stage: FDI in ASEAN (1985-1990)

Taiwan went from having almost zero investment in ASEAN countries in early 1985 to being the top investor in ASEAN by late 1988. To be sure, Taiwan dominated most investment in Malaysia and Philippines during this time and part of the reason probably was due to Taiwan taking advantage of the ethnic Chinese business network that has had a long solid foundation in the ASEAN countries. The cost of labor was rising in Taiwan and in order to stay competitive in the world market it was necessary to begin transferring labor intensive production overseas.

Second Stage: Shift from FDI in ASEAN to South China. 1991-1994

Taiwan became a major investor in the countries of Thailand, Malaysia, and Indonesia and also had good ties with the local Chinese business groups. Taiwan ranks as even a bigger investor in the countries of Philippines and Vietnam. However, the most significant area of high economic growth where Taiwan is the major player would be South China, and more specifically the Greater Guangzhou Area. If we just look at Taiwan, HK, Guangdong and Fujian as one economic area, the sum of their exports amounted to 2.8 percent of world trade in 1985, but by 1995
they amounted to 6.6 percent! (Direction of trade statistics yearbook 1992: Washington 1992, and Direction of Trade Statistics Quarterly 1996: Sept. 1996) This is by far the largest increase in export output by any area on the globe during this same period. Most of this increase was due to expansion of labor intensive industries such as toys and garments however, during this 10 year period this economic area developed a broad high tech production capability especially in the area of computers which carried it from "nowhere" in 1985 to the number three most important computer producer by 1996 only behind Japan and the United States.

The South China Trade Circle---Guangdong / Fujian----- Hong Kong-----Taiwan

While living in Taiwan from 1989-1994 one could witness the largest increase in business activity for this "South China Trade Circle" (Naughton 1997: pp.1-9) of its entire history. This was due partly to the increase in FDI (foreign direct investment) in China as a whole due to the liberalization in the market caused by Deng Xiao Ping's famous southern tour of China and reforms in late 1991 and early 1992. World FDI in China grew from a slow rate between 1986-90 to become a flood during 1990-1993.

Official World FDI in the PRC --1990-1993

1990 FDI--- $6,986,000,000 (6.98 billion $ US) (contracted FDI, not actual)
1991 FDI---- $12,422,000,000 (12.42 billion $ US) 89 % UP (from 1990)
1992 FDI---- $58,736,000,000 (58.73 billion $ US) 841 % UP (from 1990)
1993 FDI-- $111,435,000,000(111.43 billion $ US) 1596 % UP (from 1990)
(Source: Chung 1997: p.166))

During this same time period this FDI continued to grow running at 4--5 % of China's GDP (gross domestic product) however, when the two provinces of Guangdong and Fujian are considered separately from the rest of China the FDI of these two provinces are five times more important relative to GDP. This means that since 1993 the annual influx of FDI to these two provinces has been running over 20% of GDP on the annual rate (Naughton 1997: p.7-9). With FDI accounting for 20% of the combined GDP of Guangdong and Fujian it is no surprise that the increase in economic growth and export production has developed almost overnight. Another important note is that most of this increase in South China’s FDI meant a comparable decrease in investment in ASEAN countries. American, Japanese, and Taiwanese
investment increasingly shifted from ASEAN to South China after 1988 and even more rapidly after 1991. The amazing thing about the rapid pace of FDI growth in South China coming from Taiwan was that there seemed to no institutions involved on either side to co-ordinate such a rapid integration between the economies of Taiwan, Hong Kong and South China. It really seemed to be the power of private entrepreneurial forces working in the free market. However, on closer scrutiny one discovers that governments on all sides were playing the role of entrepreneur by arranging deals behind the scenes and liberalizing previously strict regulations sometimes in a very short period of time in order to adjust to and take advantage of emerging opportunities in the market (Naughton 1997: pp.1-7).

Consider some of these facts:
A. Taiwan is the world's fourth largest IC chip maker increasing output by 40% per year and is constructing 28 more wafer fabrication plants this year and next estimated to cost $53 billion. Merrill Lynch predicts that Taiwan will control 75% of the dedicated worldwide market by 2000. (Tanzer June 98)
B. In 1997 Taiwan Semiconductor Manufacturing Corporation earned $550 million on sales of 1.3 billion that equals 42.3% net profit on sales! Just 3 short years ago the pundits like Fukuyama were saying it could never happen.
C. Even in the height of the Asian Financial Crisis the average return on equity for a listed electronics company in Taiwan is 26% --- the sort of profitability rarely seen in other Asian countries according to Peter Kurz director of Merrill Lynch Taiwan. “Taiwan's decentralized economic model deserves a good share of the credit.” According to Andrew Tanzer a savvy Taiwan Market watcher. (Tanzer June 98)
D. Big names like IBM, Dell and Compaq can't even compete with Ethnic Chinese management in computers anymore as one quote tells us “IBM, for instance, has boosted purchases from Taiwan from $300 million in 1994 to an estimated $1.8 billion this year (1998). Compaq buys even more, and Dell will get all of its notebook computers from Taiwan this year.” (Tanzer June 1998)
E. Paul Wang, chairman of Pacific Venture Partners and a former IBM executive
says, concerning the Ethnic Chinese business “We have more of an entrepreneurial spirit. You don’t see many people quitting Fujitsu to start their own companies. There are new ventures set up here everyday. It’s even more dynamic than Silicon Valley.” (Tanzer June 1998)

F. The now $6 billion in sales Acer Computer has broke into the top 10 PC makers in the world and the Acer name is now the second most recognized international brand from Asia after Sony. Stan Shih the legendary founder of Acer has great advice for maintaining productivity in Asia. This is what he says: “I am trying to evolve a new competence on top of manufacturing. To be competitive globally means having to add value to a product through service. This is important to compete at the next level and to achieve long term sustainable growth. Without this fundamental change, you can’t really manage a bigger company.” (Asiaweek Nov. 20, 1998)

G. Of the largest 19 Hong Kong enterprises 18 are still making a healthy profit in spite of the Asian crisis for the fiscal year ending in March 1998 (Asiaweek Nov. 20, 1998, p.50). Also Taiwan’s 120 largest Shin Zhu (Taiwan’s Silicone Valley) based enterprises are averaging 13.0% profit on sales as compared to 7.9% for California’s Silicone Valley for the fiscal year ending 1998 (Forbes June 1, 1998, p.47). At least 108 of these 120 are OEM manufacturers yet they are still averaging double the profit of Brand name makers. What about all those experts who said OEM has no profits and no future?

**Conclusion.**

When the Asian financial crisis hit in July of 1997, four Chinese economies weathered the crisis much better than others such as Japan, Korea and Thailand. These four were the People’s Republic of China (PRC) and the three little tigers Taiwan, Hong Kong and Singapore. While other Asian economies suffered a drastic drop to below zero GDP growth levels, collapse of stock and real estate prices and general chaos, these four Chinese economies suffered only relatively minor adjustments in all four areas and continued their expansions. This turn of events has caused a re-explanation of previous thinking on the subject.

The neoclassical economic model by assuming perfect knowledge and perfect market equilibrium had left the entrepreneur and the state with no major role to be
played in the development process. However, out of this desire to expand on the neoclassical foundation, the long founded school of Austrian economics has been revived by many economists. It’s only been since 1989 that over a dozen economists and others have begun applying these theories of “adaptive” entrepreneurship to the Asian NIEs economies. These “adaptive” theories differ from Schumpeter’s “creative” entrepreneurship theories yet are complimentary. This study utilized Kirznerian adaptive entrepreneurship as a framework for analyzing the studies used in this thesis in order to compliment the explanatory power of the neoclassical explanation for the so called miracle of the three little tigers or as some have called the Chinese newly industrialized economies (Ethnic Chinese Economies).

Through this framework it was shown that the three little tigers Taiwan, Hong Kong and Singapore were possibly immune to the Asian Flu of 1997 because they share three very important common traits within their public and private sectors.

It was shown that [Firstly], all three are adaptive entrepreneurial societies that quickly became well integrated into the global trade regime. [Secondly], none of these three states strongly favored or protected a small hand-full of giant firms at the expense of smaller firms, and [thirdly], all three governments to some extent acted as an entrepreneurial agent by breaking down barriers to regional and global integration that greatly advantaged new ventures and small transnational firms. In support of these three claims many new studies have been presented. As presented above in various sections, it has been shown that many studies are in support of proposition #1. For example on Hong Kong—Krause 1988, Cheah 1989, Chau 1993 and Yu 1997 were all very clear in their findings that Hong Kong is an adaptive entrepreneurial society. In the case of Singapore Lee and Low 1990, Lim Chong-yah 1991, K.C. Ho 1995 and Won Bae Kim 1995 all concluded strong support for Singapore’s unique brand of adaptive entrepreneurship. In the case of Taiwan Yih and Tsai 1992, Wu 1992, Naughton 1997, You-tian Hsing 1998 and Dedrick and Kraemer 1998 all of these demonstrate the giant endowment of adaptive entrepreneurship in Taiwan.

For proposition #2, there are four seminal works that treat the topic in depth: Fallows 1994, Chiu and Lui 1995, Sung Gul Hong 1997, Meredith Woo-Cumings 1997 and Dedrick and Kraemer 1998 in which a thorough comparison of government policies of Taiwan, Singapore, Japan, Korea and others is carried out. The results are very clear. Governments that chose a few big firms to pamper and protect are all
losers in the area of long term productivity, profitability and growth. The industries with no national champions and government incentives that were open to all firms were by far more successful. These cases of “not choosing winners” were mostly in Taiwan, Singapore and Hong Kong where the state acted as an entrepreneurial agent for discovering and filling gaps in the market equilibrium as well as filling gaps in the communication of knowledge. In other words they brought down barriers to market entry for all entrepreneurs not just the chosen few.

For proposition #3 about the government acting as an adaptive entrepreneurial agent there have been very many new studies. Four of the most important are Lim Chong-Yah 1991 on Singapore, Chiu and Lui 1995 on Hong Kong, Sung Gul Hong 1997 on Taiwan and Dedrick and Kraemer 1998 which covered all three areas very thoroughly. Because they all use a comparative institutional analysis approach, this very broad framework—that brings in many historical circumstances, cross institutional interactions, geo-political considerations and state-society relations—results in very persuasive support for re-explaining the success of the Ethnic Chinese Economies through entrepreneurship and integration. Many other approaches are concerned with whether state actions are interventionist or noninterventionist but this distracts us from the real issue on development: “State intervention is a given. The appropriate question [in explaining industrial transformation] is not how much but what kind” (Evans 1995, p.10).

For this study and for Kirzner (1979, p.116) the main point is to ensure that the opportunities that exist in the market will be discovered quickly and seized whether it be by a public or private sector entrepreneurial agents.

It is due to the newly researched insights of Austrian economics and the twenty or more recent studies applying these theories to the NIEs, that now it has become possible to expand on neoclassical theories. This study has shown that entrepreneurship has long been ignored by both the neoclassical economists and Asian studies scholars. Many orthodox sinologists that had claimed that the Chinese have quite a lack of entrepreneurship and had predicted in the early 1990’s that the three tigers were heading for a sharp downturn. These studies mostly focused on criticizing Confucian culture and Chinese family businesses and it was shown that through a deeper analysis using a number of new studies done by actual Chinese researchers, a very positive assessment of the Chinese family business, OEMs and SMEs could be
achieved. This was necessary because of the fantastic growth in market share and profitability during the early 90's of the Ethnic Chinese Economies family firms such as Acer Computer, FIC, Asustek, Compal Computer, Mitac, Cathay Life, Formosa plastics, and many others experiencing yearly revenue growth rates that were averaging between 20–50 % for over 10 years (See Shang Ye Zhou Kan 1986–1995 various issues). To add to this puzzle, most of them were making high profit margins in OEM, something that many experts consider a very low profit mode of business.

Because the Chinese economies weathered the Asian Crisis so well, a broader political economy framework was needed such as the comparative institutional analysis (CIA) approach to help explain the fantastic success of the Ethnic Chinese Economies that shinned on despite the 1997 storm.

The adaptive response entrepreneurs such as those of Taiwan, Hong Kong and Singapore (Ethnic Chinese Economies) maximize profit opportunities by using business strategies as follows:
1. Middleman co-ordination (subcontracting, arbitrage etc...),
2. OEM and followership (product or process imitation and original equipment manufacturer)
3. Spin-offs and networked firms (family businesses and SMEs unofficially but tightly linked)

In addition, the concept of Kirznerian adaptive entrepreneurship fits in very well with comparative institutional analysis (CIA) because they both recognize that both the private and public sector institutions interact, evolve and transform over time and in addition they both continuously affect and react to the geo-political situation of the various world systems and institutions. The key concept of both perspectives is that knowing the historical, cultural, geo-political and cross-institutional dynamics of any particular area is clearly the prerequisite to reaching towards either entrepreneurial “alertness” for seizing market opportunities or the quest for a more fully explanatory approach to understanding political economy such as the CIA approach.

The main purpose of this thesis was not in debating the “extent” to which entrepreneurship and integration has been responsible for the Ethnic Chinese Economies
success in the 1990's but rather only in introducing evidence and analysis which could lead to a new alternative to explaining that success. This thesis is just a first step towards that goal but this topic has been chosen exactly because very few books or studies have been written so far that clearly "present" entrepreneurship as having made major contributions to the success of the Ethnic Chinese Economies. Even fewer studies have attempted to "explain" how this may have contributed to high growth and high profitability or for that matter very few have even attempted to introduce entrepreneurship as a possibility. However, many post-1992 Ethnic Chinese Economies case studies and information technology (IT) industry or electronics industry studies have provided the evidence and analysis to lead towards this conclusion.

What was possible within this study's limited scope was the introduction to an alternative perspective that has rarely been covered in the literature available on the so-called "Asian Miracle" but nevertheless has become a welcome addition for the purpose of expanding on the neoclassical model and finding a place for the Chinese adaptive entrepreneur to whom East Asia owes a share of credit.

Bibliographic References


Asia weekly Nov.20, 1998 “Aspire to Change” by Alejandro Reyes, p.54.


Baldwin, Chen and Nelson 1995 Political Economy of U.S. Taiwan Trade, Ann Arbor (University of Michigan Press)


Bartlett and Ghoshal 1995 Transnational Management, (McGraw Hill)

Bartlett and Mohammed 1995 3M: Profile of an Innovating Company, HBS Case studies (Harvard Business School)


Berger, Brigitte (ed.) 1991 The Culture of Entrepreneurship, San Francisco (Institute for Contemporary Studies)
Bhagwati, Jagdish 1998 Nov. 30 interviewed in “Beyond the Crisis” Forbes Global Business & Finance by Nigel Holloway, p.27.


Bober, Stanley 1997 Recent Developments in Non-neoclassical economics, (Ashgate Publishing)

Carroll, Paul 1993 Big Blues: the Unmaking of IBM (Orion Press)

Casson, Mark 1982 The Entrepreneur: An Economic Theory, Oxford (Blackwell)


Chen et al 1991 Industrial and Trade Development in Hong Kong, Hong Kong (Centre of Asian Studies)

Chen, T.J. (ed.) 1998 Taiwanese Firms in South East Asia, (Edward Elgar Publishing)

Cheung, S.N.S. 1984 Collected Essays, Hong Kong (Shun Pao Press)


Cohen, Paul 84 Discovering History in China (Columbia Univ.)

Cohn and Yoffie 1992 The Transformation of IBM (Supplement), (Boston: Harvard Business School)


Drucker, Peter 1985 Innovation and Entrepreneurship, London (Heineman)


Fallows, James Looking at the Sun, New York (pantheon Books)

Ferguson & Morris 1994 Computer Wars: the Fall of IBM and the Future of Global Technology (Times Books)

Friedman, Hatch and Walker 1998 Delivering on the Promise, (The Free Press)


Hammer & Champy 1993 Reengineering the Corporation (Harper Business Pub. NY)


Heller, Robert 1994 The Fate of IBM (Warner Books)


Hong, Sung Gul 1997 The Political Economy of Industrial Policy in East Asia (Edward Elgar Publishing).


King and Stevenson 1983 Hewlett Packard: Challenging the Entrepreneurial Culture, HBS case studies
Li, K.T. 1988a *Evolution of Policy Behind Taiwan’s Development Success*, (Yale University Press).
Woo-Cumings, Meredith 1997 “The political Economy of Growth in East Asia” in Aoki et al (eds)
Press)
Wu, Se-Hwa 1992 “The dynamic cooperation between government and enterprises” in Wang, N.T.
Yam, Tan Kong 1997 “China and ASEAN: competitive industrialization through FDI” in Naughton,
Yoffie and Pearson 1990 The Transformation of IBM (Case Study, Harvard Business School)
Yu, Fu-lai 1997 Entrepreneurship and Economic Development in Hong Kong, (Routledge publishing)

List of Previous Publications and Research Alan Partee PhD Candidate

**Publications and Academic Articles**


Partee, Alan 2000/03 Re-explaining Overseas Chinese Business Success and International Relations, Waseda University Masters Thesis for the Graduate School of Asia Pacific Studies.


Partee, Alan 2001/05 “How Taiwan IT Companies Adapted, Integrated and Built Networks” JETRO 日本貿易振興會—海外調査部 台湾 IT 産業研究会報告 pp.109–117


**Academic Presentations**

Partee, Alan 2001January 25 JETRO Key Note Speaker: “Some Special Characteristics of Chinese Engineers and Taiwan’s IT Industrial Strategy” Presented to the members of the JETRO Taiwan...

Translations (all are translations from Chinese to English)