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**RELATIONSHIP BETWEEN STRUCTURAL
CHANGES AND CRISES IN DEVELOPING
SOUTH-EAST-ASIAN AND SOUTH-AMERICAN
COUNTRIES**

Theses of the PhD Dissertation

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1. History and objectives of research

In 2008-2009 many theories were born about the crisis, how it evolved, how it developed. Some economists considered the crisis as the outgrowth of structure change or even as the earnest of them, while others pragmatically refused this assumption and they considered it only as excuse repeated by the leaders of European countries for the explanation of the dragging economic depression and confinements. An illustrious representative of the previous aspect is Joseph Stiglitz, who considers structural changes as a key factor that generates crisis, and which is the attendant of technological processes and globalization, that the markets often cannot handle appropriately. He considers income inequalities and supplies exceeding demand as one of the main changes that generates crisis. However, according to his approach, the changes could be handled with active governmental engagement.

Krugman and Baker say the contrary, according to them structural change can be named neither as reason for the crisis nor as consequence of them. They judge it just cyclic based on labour market analyses. In the columns of the New York Times they disputing with the economists David Brooks and Ruth Marcus, they deems structural change as structural “humbug”, as explanation for high unemployment rate. He draws attention also to the fact that the necessity of structural reforms is mentioned only as excuse for the long-lasting economic depression and it is

uses as an equipment for the cutting back of social expenses.

The author compares in her thesis the economic conditions of four-four East-Asian and Latin-American countries in the past crises and in the crisis of 2008-2009. She analyses what kind of differences were among the previous crises and the 2008-2009's one, in order to find answer to the question, why there was not any crisis in these regions nine years ago. According to her presumption there was not crisis in 2008-2009 in Malaysia, Thailand, Indonesia, Philippines, Argentina, Brazil and Chile because there were not structural changes within the economies, therefore she pays special attention to the analysis of those indicators and changes which refer to the structural changes of the economic or financial systems.

With drafting the main aims of the dissertation and compiling assumptions, the primary aim of the author was to explain the positive economic processes and to explore those economic factors which could have play important role in the 'avoidance' of the crisis. Related to this the author drew up following assumptions in her dissertation:

1. Economic structural changes generate economic crisis.
2. No structural changes were finished during the 2008-2009 crisis, so there was not deep crisis in the analysed countries.

3. During the world economic processes in 2008-2009 those Latin-American and Southeast-Asian countries which were closed or moderately open were affected less by the crisis, their production did not decrease compared to the previous years, while the more open economies suffered from a slight decline.

2. Content, methodology and motivation of research

2.1. The structure of research

The dissertation contains five main units. The theoretical review of the research topic follows the introduction. In this session different types of crisis, researches about the connection between crises and structural changes and the possible methods of measuring global economic integration are described. The aim of the chapter is that the author throws light on the theoretical establishment of the relation between structural changes and crises and the relevance of the research.

With the third chapter, the author would like to introduce the world economy from the Second World War to nowadays. The analysis of structural changes would not be a good way in itself. Even the economically closed countries are influenced by world economic events, changes; in some cases, they can even generate economic structural changes. In the course of discussing the periods, the author pays special attention to larger crises.

In the fourth chapter, the author would like to verify her assumptions in four-four countries from two regions. Her primary aim is to confirm that the crisis in 2008-2009 did not affect the analysed developing countries so seriously – or not at all – because they had stable economic structure compared to the declines in the past, there was not any sign of a new structural change. In the subchapters are introduced each period of the structural changes and those crises which closed them down, furthermore, the author highlights the connection between them. On the other hand, she wants to verify her suspicion with an openness-analysis: in those countries where gross domestic output not only stagnated but also decreased in 2008 and 2009 were more integrated into the world economy compared to the others. Through foreign trade and financial channels, these economies were exposed to the changes of world economy, but at the same time, it is observable that due to their stable real economy, the drop shaped just a slight “V” form based on the GDP.

Results and conclusions are drafted in the fifth chapter, in which the author outlines the future economic outlook of the analysed countries, she introduces those processes and signs that refers to a new structural change and crisis because of it; and she introduces those scientific works that considers its chance.

2.2. Sources and methods of research

The dissertation relies on two main type of sources, one of them is the relevant scientific literature and the other one is the official statistical data, which are suitable to analyse economic processes and measure structural changes. In the processing of literature the author emphasized those, mostly English, researches, which deal with the economic development, foreign trade and foreign policy relationships, with the economic crises and of course domestic policy changes in the South-American and Southeast-Asian region. She pays special attention to the analysis of world economic events during the periods of crises and their effects on the analysed countries. Many Hungarian researchers wrote also studies and publications related to the topic and which helped to write the dissertation. Not all the studies in relevant literature can be described but the author aspired to work up as many as possible and most relevant.

In the second place, statistical data are very important sources of the dissertation, they help to analyse economic processes and structural changes. In the scientific work are presented those indicators and indexes with tables, graphs and figures that describe the line of economic development and help to introduce and characterize foreign trade relations and structural changes. The author notes that in case of statistical data, she seeks to use them with proper criticism, and she regards databases of

international organisation (World Bank, IMF, and UNCTAD) as relevant, but it was essential to initiate data of national statistical offices into the analyses. The sources are indicated accurately in every cases during the text and in footnotes.

In terms of research methodology, through the analysis the author uses a comprehensive approach. While the thesis is ranked among the topics of international economics, it affects the sciences of history and to some extent international relations as well. Detailed description of historical circumstances are essential part of the analyses of structural changes, because the political changes influenced economic policy and by this effected the structure of economy. The dissertation, because of the subject, has a considerable period, the starting point is the 1950s and it extends up to now, but the author concentrated mostly on the periods of economic crisis. In each periods, she introduces the historical background of the region and compare economies with statistical data, in order to find common points among them, which refers to structural changes. The comparison includes literature researches as well which can help to determine the same and the different viewpoints about economic events, and the author collided them with her own opinions and supposes. Different point of view can be find mainly in the South-American region, while the researches in the Southeast-Asian region are more homogenous. Therefore,

it is very important to look at the researches of Hungarian exporter, because they cannot be considered biased.

Interesting conclusions can be drawn with the comparison of literature and data analysis regarding the causes of structural changes and crises.

3. The new scientific results of the research work, the thesis of the research

T1: The structural changes ended with economic crises in the analysed Southeast-Asian and South-American countries. In some cases crisis followed structural changes immediately, while in other cases arose only a few years later, which was the result of labour market changes.

In more cases, it could be experienced, that the changes of labour market followed structural changes only years later and when that happened, than crises were generated. When the structural changes were followed by crisis immediately, than the changes of labour market took place with economic changes at the same time.

T2: Through the crisis in 2008-2009, there was not decrease in the analysed region (except Mexico) because there was not structural changes before this period. In the analysed countries, before 2008, there was not any structural distortions; therefore, their elimination was not necessary for economies. This assertion is increasingly confirmed by the fact that after 2015, more and more signs

refer to a new transformation and thus the signs of the crisis begin to appear, as the author points it in her dissertation in the Southeast-Asian region (Malaysia and Thailand) and among the Latin-American countries (Brazil).

T3: There is a clearly established relation between economic openness and domestic production except Mexico. (Mexico cannot be considered as an open economic from foreign trade aspect and it shows closeness from financial aspect as well, the economy still fall back with 4.7% during the crisis of 2008. In spite of the moderate closeness, Mexico depends strongly on the United States and Canada from foreign trade and from financial aspect as well. Eighty percent of its foreign trade are realized with these two countries in the years before the crisis of 2008. This is the reason why economy crisis could infiltrate through external relations despite the 30% of foreign trade openness, 90% of international financial GDP and 50% of gross equity GDP). In case of other countries it is clearly visible, that in more open countries (Chile, Malaysia, Thailand) the decrease of domestic production was bigger in 2008 and 2009 compared to the closed economies (Indonesia, Philippines and Argentina).

During the research work, the relationship between the applied economic policy and the line of economic development was clearly outlined. In each countries, the strong state intervention, which was accompanying of

import substitution policy, resulted structural distortions. At the beginning structural distortions held out promises of big economic growth, but when the negative side of import substitution began to show itself (the shadow of strong industrialization) economic growth started to moderate then decrease and finally crises evolved. These crises “cleansed” structural distortions over a longer or shorter period of time and went together with the change of economic policy towards a more liberal, less regulated market economy verifying the long-term unsustainability of the state controlled/influenced economy and the failure of market mechanisms’ eliminations. Some countries have moved to liberal economic policy while other countries, because of their income, began to work on the building up of social market economy.

4. Conclusions, recommendations

The fundamental purpose of the dissertation was to analyse crises and structural changes from the aspect of developing countries. For this purpose, the author selected two regions, which have been hit by crises several times in the past. The Southeast-Asian and Latin-American countries offered good examples for the analysis of structural changes and economic downturns. In the case of the analysed four-four countries, the relationship between the two processes was clearly outlined.

Structural changes/distortions were followed by crises that returned economies to the natural development way. Political changes elicited distortions in each countries; strong state interventions into the economic processes were typical in the analysed regions. However, before 2008 and 2009, thanks to the previous crises' experiences and the (more) liberal economic policy, the economic structures of the countries were stable which contributed to the surprisingly good indicators. The current processes confirm this statement. After 2015, more and more signs refers to new changes in Malaysia, Thailand and Brazil, economists also warn of it in blogs and in columns of scientific journals.

Finally, it has been established that the closure is not necessarily a bad thing. Less developed countries can even turn it to advantage, as Philippines, Indonesia and Argentina did. Those economies that were not so integrated part of the world economy before 2008, they were able to maintain their growth compared to the other open countries in the regions.

However, the analysed countries do not cover all types of developing countries. The Post-Soviet area went through a special development process, so the analysis of this region would further verify the theses or an opposite pattern would be drawn in the mostly Asian countries. Expanding the analysis on developed countries would be also a possible further research direction in order to highlight the existence of the connection between

structural changes and crisis. The analysis requires complex wide-range research and the time bounding requires careful circumspect.

The analysis of developed economies' structural changes requires different approach because in these countries, the service sector has already contributed to the gross domestic production in the biggest scale even before 1950s and it was followed by industry and agriculture. However, within the industry and on the field of services, structural transformations were observed within the sectors, and their returns with mathematical-statistical methods require a new approach. Thanks to the constantly expanding databases not only international literature but also statistical data become easily accessible, so obstacles to continue research disappear continuously.

5. Publications related to the subject of the dissertation

Nedelka, E. (2017): Structural changes and crises in the Post-Soviet area, in: *XXII International Scientific Conference Strategic Management and Decision Support Systems in Strategic Management*, Ekonomski Fakultet, Subotica, pp. 477-484. ISBN: 978-86-7233-362-6

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Nedelka, E. (2011): Fejlődő Ázsia és a globális válság, in: Balázs, J., Székely, Cs. (szerk.): *Változó környezet - Innovatív stratégiák: nemzetközi tudományos konferencia a Magyar Tudomány Ünnepe alkalmából*, Nyugat-magyarországi Egyetem, Sopron. pp. 102-121. ISBN: 978-963-9883-87-1.

The complete list of publications and references are available online in the Collection Hungarian Scientific Work (Magyar Tudományos Művek Tárában (MTMT)):
https://vm.mtmt.hu/search/slist.php?nwi=1&initd=1&ty_on=1&url_on=1&cite_type=2&orderby=3D1a&location=mtmt&stn=1&AuthorID=10032661