

Impact case study (REF3b)

Institution: University of Cambridge
Unit of Assessment: UoA21
Title of case study: Making Academic Research on Economic Policy Accessible to Policy-makers and the General Public
<p>1. Summary of the impact (indicative maximum 100 words)</p> <p>Chang's research has covered a wide range of public policy, including industrial policy, trade policy, privatisation, and agricultural policy, as well as theories of state intervention. By successfully challenging the then prevailing orthodoxy on economic development, his research has had significant influence on the actions of many national governments, multilateral institutions (e.g., the UN, the World Bank) and NGOs (e.g., Oxfam). Chang's research has also had substantial impact on public debate concerning economic policies, especially but not exclusively those regarding development issues. He has had two best-selling mass-market books (together sold 1.15 million copies as of December 2012) and gained worldwide media exposure for his views.</p>
<p>2. Underpinning research (indicative maximum 500 words)</p> <p>Dr Ha-Joon Chang has been a member of the Faculty of Economics at the University of Cambridge since 1990, and has held the position of Reader in the Political Economy of Development since 2005. As a member of the Centre of Development Studies he is also part of POLIS (the Department of Politics and International Studies). His research has been primarily on development economics, in particular on policies and institutions that might support or impede economic development.</p> <p>Up to 1997, Chang's research was focused on developing a general theory of industrial policy and applying it to the analysis of the East Asian 'miracle' economies (Japan, Korea, and Taiwan) between the 1950s and the 1980s (see, for example, his book <i>The Political Economy of Industrial Policy</i> [1994]). This research demonstrated how economic development could be accelerated by active industrial policy. However, the research led to questions about the universality of the East Asian experiences.</p> <p>This led to his subsequent research on international development experiences, this time concentrating on the development of today's rich countries, culminating in the publication of <i>Kicking Away the Ladder – Development Strategy in Historical Perspective</i> (2002). A major finding of this research was that, in the earlier stages of their development, those countries aggressively used tariffs, subsidies, regulation on foreign direct investment (FDI), state-owned enterprises (SOEs), and other measures which until then had been considered unique to East Asia. The research also showed that, at that stage, today's developed countries did not use the economic and political institutions that they push developing countries to adopt as prerequisites of development (e.g., independent central bank, strong patent law).</p> <p>These insights presented a major challenge to the dominant development policy supported by organisations such as the World Bank and the International Monetary Fund, which prescribed a uniform policy formula, consisting of free-market policy and pro-profit-making institutions. Against this, Chang's research pointed to the need for each country to use policies and institutions that were suited to its own needs, given its stage of development and other conditions, rather than adopting a universal procedure.</p> <p>Another important strand in Chang's research has been the analysis of institutions, based on research conducted since 1997, represented by the journal article, 'Breaking the Mould' (<i>Cambridge Journal of Economics</i>, 2002), the edited volume, <i>Institutional Changes and Economic Development</i> (with two authored chapters), and the journal article, 'Institutions and Economic Development: Theory, Policy, and History' (<i>Journal of Institutional Economics</i>, 2011). Chang has conducted a series of theoretical and empirical investigations in the area, which have produced</p>

Impact case study (REF3b)

some fundamental insights for the theories of markets and institutions. These insights include: how markets are man-made institutions and cannot be treated as ‘natural’ orders that should not be disturbed; how all markets need some regulations to function at all, thus demonstrating that the standard state-market dichotomy is misleading; how the boundaries of markets are in the end politically drawn and thus need to be subject to democratic and open debates. The outstanding success of his subsequent mass-market books would not have been possible without the exceptionally strong theoretical foundation that has underpinned his criticisms of free-market economics that the above research provided.

3. References to the research (indicative maximum of six references)

- *The Political Economy of Industrial Policy* (Macmillan, 1994).
- *Kicking Away the Ladder – Development Strategy in Historical Perspective* (Anthem Press, 2002).
- ‘Breaking the Mould – An Institutionalist Political Economy Alternative to the Neo-Liberal Theory of the Market and the State’, *Cambridge Journal of Economics*, 2002, vol. 26, no. 5.
- *Institutional Change and Economic Development* (United Nations University Press, Tokyo, and Anthem Press, London, 2007), edited volume with two authored chapters.
- ‘State-owned Enterprise Reform’ in the UN Department of Social and Economic Affairs (ed.), *National Development Strategies – Policy Notes*, (United Nations, 2008).
- ‘Institutions and Economic Development: Theory, Policy, and History’, *Journal of Institutional Economics*, 2011, vol. 7, no. 4.

Grants

Research Project on “Institutions and Economic Development – Theory, History, and Contemporary Experiences”, World Institute for Development Economics Research (WIDER) (February 2004 – December 2005), grant value \$250,000 – This has resulted in the edited volume, *Institutional Change and Economic Development*.

Awards and Prizes

- Gunnar Myrdal Prize by the European Association of Evolutionary Political Economy (EAEPE) in 2003 for *Kicking Away the Ladder*.
- Wassily Leontief Prize for Advancing the Frontiers of Economic Thought from the Global Development and Environment Institute (2005).

4. Details of the impact (indicative maximum 750 words)

Ha-Joon Chang’s research has two major sets of beneficiaries outside the academy – national and international policy-makers and the general public.

Impact on national and international policy-makers

Kicking Away the Ladder and associated research has had massive impact on international policy-making to the present day, to the extent that the term ‘kicking away the ladder’ has become a standard expression among WTO negotiators. Since 2005 the Brazilian Foreign Ministry has made the book mandatory reading for its diplomats (**source [i]**).

The impact of Chang’s research is attested to by a range of sources: (i) A developing country trade negotiator writes, “Dr Chang’s work directly informs and empowers policy makers in developing countries by helping them realise and understand the range of credible policy options available for pursuing their development goals. With that knowledge and confidence they can be better able to appreciate their situation and available options and make more fully informed choices.” (**source [ii]**); (ii) A senior advisor at Oxfam writes, “Ha-Joon Chang has been one of the most influential heterodox critics of the orthodox thinking known as ‘Washington Consensus’” (**source [iii]**); (iii) A

Impact case study (REF3b)

senior official at the UN writes that he can “testify both to the intellectual quality and originality of Dr Chang’s work, and to the considerable influence it has had on a diverse range of policy issues critical to economic development. I believe that Dr Chang is one of the most influential academic economists in the area of international development policy-making” (**source [iv]**).

The President of Ecuador since 2007, Rafael Correa, has made frequent references to Chang’s work, for example in his speech given at the LSE in 2009 (**source [v]**). Chang has been invited to speak on, and occasionally produce reports on, trade and industrial policy issues. For example, since 2008, he has been invited to speak and advise by the governments of Brazil, Ecuador, Finland, Germany, Indonesia, Japan, Korea, Malaysia, Mexico, Namibia, the Netherlands, Pakistan, Singapore, South Africa, the UK, Uruguay, and Vietnam. The most prominent examples are the Annual Presidential Lecture of Indonesia (May 2011: audience of around 100 people, comprising the president, the cabinet, regional governors and other top policy-makers), three exclusive lectures to the President and all cabinet members of Namibia (October 2011), and his address to the annual board meeting of Khazanah, the Malaysia sovereign wealth fund, chaired by the country’s Prime Minister (December 2011).

Impact on the general public

Key themes that had previously been explored in *Kicking Away the Ladder* and associated research were popularised in the book, *Bad Samaritans* (2007). This was extended to include results from Chang’s broad study of institutions and markets, to produce a more extensive critique of free market economics in *23 Things They Don’t Tell You About Capitalism* (2010). These two books have presented research-based challenges to conventional wisdom in public understanding of economic issues. Since its publication in 2007, *Bad Samaritans* has sold over 500,000 copies worldwide. It has been translated into 12 languages, with two more in the pipeline. *23 Things They Don’t Tell You About Capitalism* has sold over 600,000 copies worldwide since its publication in 2010. The book has been translated into 21 languages and is awaiting 11 more (**source [vi]**). These two books together have generated economic value of around £11.5 million in sales (1.15 million copies, estimated roughly at £10 per copy).

In addition to the above, Chang has written about his research findings extensively in the mass media, especially in the UK and in Korea. In particular, his columns in *The Guardian*, regular since the autumn of 2011, have become some of the most popular ones in the Comments page of the paper. A March 2013 piece, ‘Britain: A Nation in Decay’, had an extraordinary 1,682 readers’ comments (with 2,176 Facebook shares) and was for 24 hours the most read column in the paper’s website (**source [vii]**). Another article, ‘Europe is haunted by the myth of the lazy mob’ (January 2013), had 4,156 Facebook shares (445 readers’ comments), suggesting a stronger response from younger and/or international readers (**source [viii]**). These are exceptional numbers, especially for economics articles. Even the paper’s most celebrated columnists writing on more popular issues only occasionally get more than 1,000 readers’ comments or 2,000 Facebook shares.

As a result of his research leading to his prominent engagement in international policy debates and the high profile of his mass-market books, Chang has had a very extensive media exposure worldwide – so far in 31 countries across all 5 occupied continents. Prominent examples since 2008 include op-ed pieces in top international newspapers, such as *The Financial Times* (UK) (25 October, 2010; co-authored with Ilene Grabel) and *The Wall Street Journal* (US) (7 August, 2011); appearances in TV, including ‘Newsnight’ on BBC 2 (UK) (24 September, 2010 and 28 October, 2011), Icelandic TV (Iceland) (10 September, 2012), and TV Slovenia (Slovenia) (23 January, 2013); appearances in the BBC Radio 4 programme ‘Thinking Allowed’ (3 May, 2010); interviews in premier newspapers, including *De Volkskrant* (the Netherlands) (12 December, 2008 and 27 November, 2011), *Valor Economico* (Brazil) (9-11 January weekend, 2009), *Clarín* (Argentina) (26 July, 2009), *La Jornada* (Mexico) (4 December, 2009), *Kathimerini* (Greece) (8 August, 2010 and 5 January, 2013), *Gazeta Wyborcza* (Poland) (31 December, 2011 – 1 January, 2012), *El Mundo* (Spain) (14 January, 2012), *O Estado de Sao Paulo* (Brazil) (7 May, 2012 and 7 January, 2013), *Handelsblatt* (Germany) (22 October, 2012), *Spiegel* (Germany) (3 January, 2013), and *Dziennik*

Impact case study (REF3b)

Gazeta Prawna (Poland) (8-10 February weekend, 2013); interviews in prominent magazines, including *Vice Versa* (The Netherlands) (February, 2009), *Trends Tendances* (Belgium) (7 October, 2010), *The Times Higher Education Supplement* (UK) (9 December, 2011), *L'Espresso* (Italy) (21 May, 2012), *Trend* (Austria) (25 March, 2013), and *Effect* (The Netherlands) (5 April, 2013) (**source [ix]**).

Chang's influence in public debate was recently recognised by the 2013 World Thinkers poll, organised by the *Prospect* magazine, in which he ranked no. 18 overall. The only economists who scored higher were Paul Krugman (ranked 5) and Amartya Sen (ranked 7) (**source [x]**). It is thus reasonable to claim that Chang has helped to shape thinking about both development and the nature of late-modern capitalism in countries poor and rich, and at the level of popular as well as elite debates, without falling into mere polemics. The philosopher John Gray, indeed, has said that Chang is 'our best critic of capitalism', while 'far from being any kind of anti-capitalist' (**source xi**).

5. Sources to corroborate the impact (indicative maximum of 10 references)

- i. 'Ensaio anticapitalist vira leitura obrigatória', *Correio Braziliense*, 6 July, 2005, on how *Kicking Away the Ladder* became a mandatory reading for the Brazilian diplomats.
- ii. Testimonial from contact 1 (developing country trade negotiator)
- iii. Testimonial from contact 2 (Senior Strategic Advisor, Oxfam GB)
- iv. Testimonial from contact 3 (Assistant Director-General, Economic and Social Development Dept., UN)
- v. The details of the event, including the transcript of the speech, can be found at: <http://www2.lse.ac.uk/publicEvents/events/2009/20090902t1353z001.aspx>
- vi. Worldwide sales figures for *Bad Samaritans* and *23 Things They Don't Tell You About Capitalism*, provided by contact 4 (Rights Director, Mulcahy Associates)
- vii. Link to a popular Guardian article, with an exceptional number of readers' comments (1,682) (<http://www.guardian.co.uk/commentisfree/2013/mar/08/britain-economy-long-term-fix?>)
- viii. Link to another popular Guardian article, with an exceptional number of Facebook shares (4,156) (<http://www.guardian.co.uk/commentisfree/2013/jan/29/myth-lazy-mob-hands-rich?>)
- ix. List of international media exposure since September, 2011, compiled in: <http://hajoongchang.net/category/media>; Information on older international media exposure is contained in: <http://hajoongchang.net/in-the-media/non-english-media-coverage/>
- x. Result of the Prospect World Thinker 2013 poll: <http://www.prospectmagazine.co.uk/magazine/world-thinkers-2013/>
- xi. In a review of *23 Things They Don't Tell You About Capitalism* <http://www.theguardian.com/books/2010/aug/29/ha-joon-chang-23-things>