

Goals, Research Mission and Policy of
the Institute of Developing Economies (IDE)
FY2008

I. Our Goal: Making Intellectual Contributions to the World

The Institute of Developing Economies (IDE) aims to make intellectual contributions to the world as a leading center of social science research on developing economies. We accumulate locally-grounded knowledge on these issues, clarify the current state, issues and challenges the economies are facing, and disseminate, both domestically and abroad, a better understanding of them. It is our hope that these activities provide an intellectual foundation to facilitate cooperation between Japan and the international community for addressing development issues.

II. Our Research Mission: Promoting/Facilitating Sustainable Development in Developing Countries

Our research mission focuses on ways for achieving sustainable growth in developing countries and regions. Achieving such sustainable development in these regions requires careful consideration of the balance between the demands of sustained economic growth and those of political and social stability. IDE aims to carry out research activities that fully consider both of these development aspects .

1. Research contributing to sustained economic growth

This area of the Institute's research is aimed at improving the overall state of public welfare in the world's developing nations and regions. This aim is underpinned by a desire for these economies to avoid over-dependence on aid and material support, and to achieve well-balanced economic growth with long-term sustainability. Countries are required to achieve economic growth while also improving the living standards of the world's poorest and preserving the global environment. Such issues, which are epitomized by the United Nations' Millennium Development Goals, are a matter of pressing concern to the global community. IDE is engaged in the study of a variety of developing economy issues, from economic activity and legal systems to human resources, poverty and the environment. All of these areas need to be considered when seeking ways for sustained economic growth that would help eliminate poverty and preserve the earth's natural environment.

2. Research contributing to political and social stability

In this context, political and social stability refers not only to a lack of violent conflict, but also encompasses a guarantee of safety at various levels between states, within states and regions, and among individuals. This means being able to establish and maintain conditions in which human rights are free and unfettered. In looking to establish the appropriate conditions for this in developing countries and regions, various factors that can lead to conflict need to be removed through a range of measures. Foremost among these is eliminating armed conflict and promoting changes to democratic forms of government and society. Taking this view, IDE aims to be at the center of current research on national governments, social structures, conflict issues, and peace-building in developing economies.

III. Current conditions surrounding developing countries

In light of our mission and its two related policy areas, IDE has the following interpretations on the current conditions surrounding developing areas.

Sustained economic growth

After recovering from a recession following the burst of the dot-com bubble in the early 2000s, the global economy has witnessed a long period of favorable economic conditions, during which time developing countries have enjoyed high levels of growth. Two particular standouts are the Asian giants of China and India, who continue to drive this favorable economic climate. Deepening economic integration involving many countries around the world is expected to further facilitate regional trade and investment and underlie growth of such area's developing economies.

Set against this period of overall economic progress, however, are people and regions that have yet to reap any benefits from this growth and continue to live in extreme poverty. Eliminating poverty in Africa, in particular, has become a global issue that will be on the agenda of this year's G8 summit meeting in Toyako, Japan. This period of economic growth has also heightened awareness of the twin issues of natural resources and the environment. The increased demand for primary commodities arising from economic development, such as oil, has resulted in significant rise in their prices. And while environmental issues on the global level, such as increasing global warming, continue to become more serious, local-level problems have also become the subject of increasing awareness.

In 2007, the US economy slowed, due to the subprime mortgage crisis, and commodity prices rose dramatically, driven by speculative investments. The current situation surrounding the global economy requires intense scrutiny of how these recent fluctuations might impact developing economies.

Political and social stability

The political and social instability besetting developing countries today is emerging in a variety of different ways. The most serious danger is armed conflict that affect an entire state or region. Countries and regions in the Middle East and Africa are home to many of the world's current armed conflicts, and the situation today remains relatively bleak. Increased efforts by the international community to resolve these conflicts are faced with a number of difficulties, as such efforts mean interference in the domestic affairs of a sovereign nation.

While not to the level of armed conflict, states with oppressive regimes such as Myanmar and North Korea continue to be home to serious human rights violations. Moreover, the increasing degree of social contradictions in such countries often leads to the onset—from unforeseen incidents—of severe instability that can undermine state order. Recent events, such as the sudden and unexpected deterioration of conditions in Kenya, have shown that there are still many countries with fundamental weaknesses in their social and political systems, such as dysfunctional governments and social divisions rooted in ethnicity and religion.

Set against these developments, however, are countries in East Asia and Latin America that are continuing to experience robust economic growth, with many nations in these regions enjoying a comparatively high level of stability. As the world continues to witness escalating environmental and labor actions, however, the inherent stresses involved with economic growth have the potential to lead to social unrest and instability, and need to be the focus of research and study. The current global situation requires a political response that balances the needs of political stability on a macro level with the social and civil rights of individuals of each country.

IV. Research Policy for FY2008

Based on our goal, research mission and the above-mentioned interpretations of the current global conditions, IDE's research policy for FY 2008 is as follows:

Priority Research Projects will focus on four areas: (1) Comprehensive Study of China, (2) Comprehensive Study of India, (3) Regional Integration in East Asia, and (4) Poverty Reduction and Development Strategy.

Regular Research Projects will focus on two priority areas: 1) Spreading Globalization and Economic Entities and (2) Social Change and Political Institutions.

Long-Term Research Projects will continue to be conducted (i.e., with a long-term perspective).

1. Priority Research Projects

Priority Research Projects will be taken up as focused research activities during JETRO-IDE's current mid-term planning period (from fiscal year 2007 to 2010). In consideration of the current conditions surrounding developing economies, the following four issues will be studied through the Priority Research Projects:

(1) Comprehensive Study of China

While China's presence grows in the Asian and world economies, various domestic issues have arisen in the country due to its rapid economic development. IDE will analyze some of these issues, envisage mid and long-term perspectives on economic development and political change, and assess their intrinsic risks.

[Related Research Projects]

- Structural Reform of the Rural Economy and Change of the Agricultural System through Agro-industrialization Policy in Rural China.
- Sustainable Growth of the Chinese Economy: Overcoming Resource and Environmental Constraints
- The Dynamics of China's Economic Growth and Policy-Making in the Transitional Period

(2) Comprehensive Study of India

While India has attained stable economic growth, disparities among its regions have widened and poverty has become more acute in the least developed areas. These widened disparities and rapid changes brought about by globalization have led to political and social problems in the country. In this fiscal year, IDE will focus its research on the conditions for economic growth and the democratic system, and analyze them comprehensively and systematically. A comparative study of India and China will also be conducted.

[Related Research Projects]

- Prospects for Indian Democracy: Stability and Limits of the Democratic Regime in the Era of the Multi-party System and Economic Growth
- An Approach to Inclusive Growth: India's Challenge
- Comparative Study of the Industrial Development Processes of China and India

(3) Regional Integration in East Asia

In East Asia, economic integration has been progressing rapidly on both *de facto* and *de jure* bases, with countries concluding an increasing number of free trade agreements (FTAs) and economic partnership agreements (EPAs). This deepening integration has brought increased trade and investment liberalization, and is expected to further accelerate economic growth of the Asian region as a whole. This growth also has the potential to widen disparities among countries, regions within a country, and even local and foreign firms. Focusing on issues such as changes in industrial and trade structures within the region, development of supply chains and the formation of industrial clusters, IDE will analyze various issues accompanying regional integration from a variety of perspectives.

[Related Research Projects]

- Economic Integration and Vertical Specialization in East Asia
- Climbing Up the Global Value Chain: Possibilities and Limitations for East Asian Manufacturers
- The Economics of East Asian Economic Integration
- A Study on the Mekong Region: Development of a New Economic Corridor
- Formation of Industrial Clusters in Asia and Regional Integration

(4) Poverty Reduction and Development Strategy

In order to reduce poverty in developing countries from a long-term perspective, new institutional frameworks, such as microfinance, need to be closely linked with the policy objective of poverty reduction. On this basis, IDE will focus on analyses of the socially vulnerable who have often been left out of the poverty reduction debate and post-conflict peace building.

[Related Research Projects]

- Development Strategies of Least Developing Countries (LDCs)
- Role of Small-scale Finance in Asian Rural Development: Rural Finance and Microfinance
- Poverty Reduction for the Disabled: Livelihood of Disabled People in Developing Countries
- Disability and Law in Developing Countries: From the Perspective of Establishment of Legal Rights
- Life Security System for the Elderly in Emerging Countries

2. Priority Themes of Regular Research Projects

In conducting Regular Research Projects, IDE will place a priority on the following two themes :

(1) Spreading Globalization and Economic Entities

As developing countries look to further liberalize their domestic markets through such efforts as joining international institutions like the World Trade Organization, concluding FTAs or EPAs, and improving the climate for foreign investment, their economies and societies become more exposed to the effects of global economic fluctuations. The spread of globalization not only impacts the advancement of multinational corporations, but also spurs new business development through companies based in developing countries. This research theme of IDE seeks to examine and analyze economic entities in developing countries and their response to changes brought on by the spread of globalization.

[Related Research Projects]

- Korea's FTA and its Impact on Korea's Main Trading Partners
- Industrial Clusters in China and the Dynamism of Special Market Development
- Changing Management Strategies of Vietnam's Economic Entities
- Integration System of the Stock-Raising Business in Latin America
- Development and Restructuring of Iron and Steel Industries in Asian Countries
- Direct Investment and the Birth of Capital Markets in Russia and Vietnam
- Private Sector Growth and Problems in the Middle East
- Globalization of Islamic Finance and Country-by-Country Response
- Engineers and the Development of Industry

(2) Social Change and Political Institutions

Recent years have seen developing countries face a growing number of social challenges, caused by such factors as economic growth, globalization, and internal conflict. And these changes have had a variety of impacts on their political systems. Taking democracy as an example of one such political system, many developing countries have achieved democratization since the 1980s, but these democratic systems and leaders are under pressure to change in response to such social shifts. This research theme will look at the current situation of political systems in developing countries and their connections with social changes, as well as the actual conditions and challenges facing these countries today.

[Related Research Projects]

- Parties under Political Change in Developing Countries: Cross-Area Study
- The Central-Local Relationship in Thailand: Analysis of Local Thai Administrative Organizations
- Stability in Emerging Democracies
- Community-Based Organizations and Civil Society in Rural Africa
- Comprehensive Study on Taiwan II: Taiwan's Politics after Democratization
- Creation of Water Basin Governance Aimed at Resolving China's Water Pollution Problem – Case Study of Community Roundtable Discussions in the Lake Tai Hu Drainage Area

In addition to Priority Research Projects, Long-Term Research Projects will be conducted on an ongoing basis. IDE will flexibly conduct Spot Research Projects and Collaborative Research Projects when deemed appropriate. In terms of Regular Research Projects, while focusing on the above two priority themes, IDE will also extensively examine issues faced by developing regions.

V. List of Research Projects

<Priority Research Projects>

Based on its mid-term plan, IDE will set four issues as Priority Research Projects: "Comprehensive Study of China," "Comprehensive Study of India," "Regional Integration in East Asia," and "Poverty Reduction and Development Strategy." The following research projects will be conducted in relation to these four issues.

- Structural Reform of the Rural Economy and Change of the Agricultural System through Agro-industrialization Policy in Rural China
- Sustainable Growth of the Chinese Economy: Overcoming Resource and Environmental Constraints
- The Dynamics of China's Economic Growth and Policy-Making in the Transitional Period
- Comparative Study: the Process of Economic Development in China and India
- Prospects for Indian Democracy: Stability and Limits of the Democratic Regime in the Era of the Multiparty System and Economic Growth
- An Approach to Inclusive Growth: India's Challenge
- Economic Integration and Vertical Specialization in East Asia
- Climbing up the Global Value Chain: Possibilities and Limitations for East Asian Manufacturers
- The Economics of East Asian Economic Integration
- A Study on the Mekong Region: Development of a New Economic Corridor
- Formation of Industrial Clusters in Asia and Regional Integration
- Development Strategies of Least Developing Countries (LDCs)
- Role of Small-scale Finance in Asian Rural Development: Rural Finance and Microfinance
- Poverty Reduction for the Disabled: Livelihood of Disabled People in Developing Countries
- Disability and Law in Developing Countries: From the Perspectives of Establishing Legal Rights
- Life Security System for the Elderly in Emerging Countries

<Long-Term Research Projects>

Long-Term Research Projects, to be carried out on an on-going basis, will include basic analysis of political and economics trends in Asian countries, macroeconomic projections, and the maintenance of a trade statistics database.

- Analysis of Current Affairs in Asia
- Compilation and Use of the 2005 Asian International Input-Output Table (II)
- Compilation and Use of an International Input-Output Table for the BRICs
- Compilation and Application of Trade Indices IV: International Comparison of Trade Indices

<Spot Research Projects>

In order to conduct research projects that answer current and diverse societal needs, IDE will analyze social issues of high interest in relation to developing countries as well as urgent and emerging issues as they arise. Also, the findings of such studies will be promptly and adequately released through various means.

<Collaborative Research Projects>

In collaboration with outside bodies, such as universities, research institutes, and local governments, IDE will set research themes relating to developing countries and conduct joint research utilizing the knowledge of collaborating parties.

(Regular Research Projects)

IDE will conduct Regular Research Projects on economic, political, and social issues faced by developing countries and regions. Below is the list of research projects conducted under each of our two main research missions.

1. Research Areas Regarding Sustainable Economic Growth

- Globalization of Islamic Finance and Country-by-Country Response
- Integration System of the Stock-Raising Business in Latin America
- Direct Investment and the Birth of Capital Markets in Russia and Vietnam
- Developing Countries and Fiscal Administration Issues
- Korea's FTA and its Impact on Korea's Main Trading Partners
- Engineers and the Development of Industry
- Formation of Environmental Conservation Policies in the Economic Development Process
- Global Capital Flow and Emerging Economies in East Asia
- Development of a Knowledge Society and Political and Social Change in the Pacific Island States
- Industrial Clusters in China and the Dynamism of Special Market Development
- Creation of Water Basin Governance Aimed at Resolving China's Water Pollution Problem – Case Study of Community Roundtable Discussions in the Lake Tai Hu Drainage Area
- Role of Government in the Reorganization of China's Telecommunications Industry
- Private Sector Growth and Problems in the Middle East
- Creation, Development, and Systemization of the Idea of Community in Thailand
- Business Cycle Costs in Developing Countries
- Political Economy of the Oil Industry in Developing Countries
- Decentralization and Development
- Changing Management Strategies of Vietnam's Economic Entities
- Community-based Organizations and Civil Society in Rural Africa
- Are Fair Trade Activities Connected to Reducing Poverty?
- Structural Changes and Dynamism in the African Economy
- Macroeconomics of ASEAN's Least-Developed Countries (Cambodia)
- Corporate Growth and International Trade

2. Research into Political and Social Stability

- New Development of Regional Mechanisms in International Security
- Formation of ASEAN Consensus Regarding the Vietnamese Invasion of Cambodia
- Stability of Emerging Democracies
- Parties under Political Change in Developing Countries: Cross-Area Study
- The Central-Local Relationship in Thailand: Analysis of the Local Thai Administration Organizations
- Comprehensive Study on Taiwan II: Taiwan's Politics after Democratization