

# [Drawing on the experience of your own countries essay](https://assignbuster.com/drawing-on-the-experience-of-your-own-countries-essay/)

Drawing on the experience of your own countries, to what extent do you think the East Asian(especially Chinese) economic developmental strategies are applicable to your own countries By Joe Term Paper: [Drawing on the Experiences of your own Countries, to what extent do you think the East Asian (especially Chinese) economic developmental strategies are applicable to your own countries? ] For Comparative Politics and Governments Submitted To: Proof. Wang Kingpin Group Two January 13, 2010 Group Lists 1.

Jasper Teeth Falconry 2. John A. D. Perkins 3. Communal Bernard 4.

Pan Chantries k.

[email protected] Com Introduction 3 Neo-classical Arguments Endorsed by Robert Wade 3 Economic Developmental Experiences and Conditions of Liberia, Central African Republic, Cambodia, and Ghana 9 Liberia 9 Central African Republic 12 Ghana 16 Transferability of the Chinese Economic Development Model Introduction 18 References 21 Our discussion focused on Robert Wade’s article dubbed “ East Sais’s Economic Success Conflicting Perspectives, Partial Insights, Shaky Evidence.

The arguments in his article were based on the explanation of the East Simian’s economic success from a impel neoclassical point of views which was rejected by Amassed, Haggard and Hughes.

In addition, we reviewed the arguments of He Lie concerning the Chinese model as per the requirement of the topic. Further, we opened up the discussion by discussing political, government regimes and economic growth of our individual countries – Liberia, Central African Republic, Cambodia, and Ghana.

We concluded our discussions by tracing through the works of development model could be applicable in our countries. Neo-classical Arguments Endorsed by Robert Wade Firstly, the argument started with the rejection of simplistic neo-classical explanation f East Asian economies economic development success by Helen Hughes. Her strong point of argument is: What policies have been critical to economic success in East Asia? She noted keen export-oriented driven economy policies and other policy strands I.

. Political stability, rule of law, economic policies that did not distort prices, successful macroeconomic management, development of all economic sectors, especially the agriculture, public investment in social and physical infrastructural facilities was productive, government provided the environment for growth, and also he private sector made the right investments, despite the risk and uncertainty was exposed to international competition and became efficient and profitable.

James Ridded also somehow argued in this line of thoughts. The evidence of his argument was his citation of the role of government’s “ industrial incentives” and “ industrial protectionism” in Hong Kong and the Republic of Korea respectively. Wade concurred with Hughes on the point of “ private enterprises playing a major role in economic development success of East Asian countries”. He also endorsed Riddle’s argument that “ markets allocate resources better than do central decision Akers without markets”.

According to Wade, the Korean economic was successful based on four factors or indicators: (a) The gain in its relative economic command over world resources, measured by the increase in per capita income expressed in U. S. Dollars. (b) Trade performance (c) Industrial transformation (d) The removal of poverty, the elimination of severe economic hardship, the expansion of positive rights. Generally, the Korean and Taiwan economies were successful partly, based on the fact that the government played very influential roles, I. E.

The government allowed he “ right” prices to prevail, cites the fact that the government set high real interest rates through the banking system, as is “ right” – in a capital scare economy. “ l Amen’s interpretation of Korean economic development success ran counter to neo-classical arguments and sometimes ignored or treated with indifference in neo- classical Liberals accounts of Korea. According to her the following conditions/ measures were crucial to Korean economic success: (a) The Korean state has acted as entrepreneur, banker, and shaper of industrial structure.

What this means is that the role of the Korean government is significant and cannot be ignored. B) The state deliberately distorted the price structure by way of among other things, subsidies, protection, price controls, and restrictions on incoming and outgoing movements of finance and direct investment.

This has generated an industrial structure different actions of the Korean state have been complemented by those of large, diversified business groups that have come to occupy a dominant position in the economy.

The behavior of the business group contributed so much to GAP of the Korean economy. The Lesson learnt is in economies where there is clear dichotomy of the roles and the private sector, the result is economic growth. D) The state not only actively promoted the growth of the business groups, it also disciplined their use of subsidies and other supports, rewarding those who use subsidies “ well” with further help and withdrawing support from those who do not.

Its relations with them are anything but the arm’s length relations between government and firms sanctioned by neo-classical theory. “ The state also strongly encouraged firms to export, thereby subjecting them to intense competition in foreign markets.

Success of the Business groups in the export market became the main criterion of good use of the subsidies. The neo-classical theory does suggest that that is quite a good proxy for efficient use of resources”.

According to Amassed, the Korean economic success could also be explained partly as a response of the Korean state to the conditions of “ late industrialization”. According to her, the lower labor costs of Korean state as late industrialized offered partial advantage in such competition. The labor force was much unskilled and the lower cost could not compensate for differences in productivity.

The late industrialized all tend particularly, to develop an entrepreneurial state and diversified business roofs.

The state provided subsidies and protection for the Korean firms to enable the Korean industries enter the export markets on a sizable scale so that they can be competitive. The business groups of the late industrialized diversification into many different, often unrelated industries in order to spread risks and allow cross- subsidizing of entry into a varied portfolio of necessarily low-end products. They first focused more on shop-floor level of organization – on the production process itself because that is where borrowed technology is first made operational and later optimized.

Amassed makes a hypothesis point: “ Leading firms in late industrialization countries, if they are to penetrate world markets, must adopt unusually pro-active production and operations management policies”. Her notion of pro-active production means “ policies that assign high-quality managers to the shop-floor and inspire initiative on the part of such managers to develop the skills of the work force and to improve process performance.

According to her that is the “ possibility path” that productivity gap could be close between developed and developing countries.

As a follow up argument Amassed noted that “ the general proprieties of an industrialization process based on learning, or borrowing, technology are entirely different from those of an industrialization process based on the generation of new Thus, the late acquisition of international competitiveness has given rise to certain common tendencies in otherwise diverse countries -Japan, Korea, Taiwan, Turkey, Brazil, and Mexico”. To conclude on the argument of Amassed, the balance roles and responsibilities of the state, business groups and markets; one can explain what worked right and launched the Asian Tigers on development trajectory is the subsidy. The subsidy reverse as a symbol of late industrialization.

.. The First Industrial Revolution was built on Laissez-fairer, the Second on infant industry protection. In late industrialization, the foundation is the subsidy – which includes both protection and financial incentives. The allocation of subsidies has rendered the government not merely a banker, as Crosschecking(1962) conceived it, but an entrepreneur, using the subsidy to decide what, when, and how much to produce”.

Wade summarized Amassed arguments as “ industrialization through learning, learning through reciprocity between government and diversified business groups, reciprocity involving price-distorting subsidies in exchange for performance”(p.

291). According to Wade that is how Amassed thought late industrialization of East Asia Tigers, especially South Korea, could be understood. Going by her argument “ neither Scampering nor the global Forbids approaches can explain the common tendencies of the late industrialists; still less can the neoclassical”(p. 291).

Key feature of the Korean economy is the efficient and effective social organization I. E. Super- effective deployment of its labor force, to discipline and train it as fast as possible. Key Features OF The Chinese Economic Developmental Model The key features of the Chinese economic development model includes: Growth with stability; Soft Authoritarianism; Incremental economic reform with delayed political liberalizing; and Inclusion dominant party system. According to Lie.

.. “ For a political regime to be legitimate and state, it must achieve certain goals, the most important of which is economic growth”.

We concur with his point that it seems countries doing well economically have stable economies. On the other hand those pursuing political developments seem to be unstable. Lie aid China is seeking the third road of transformation which could “ spur both social stability and economic growth and not compromise the party’s authority to rule China”.

According to Gang Iguana, the Chinese media have four definitions for political stability: leadership stability, policy stability; regime stability; and political system stability.

Jonathan Mirrors argues that “ stability meant an order in which the elders and the Communist Party were incontestably in charge”. Samuel Huntington believes political stability rests for a large part on the relationship between political institutionalizing and political participation. In addition, “ socioeconomic modernization promoted the decay of political institutions and the expansion of political participation, which in turn led to political maintaining stability: “ Steady expansion of the country to outside world” (p.

99) resulting into rapid economic growth; additionally the stability has positively affected inflow of foreign direct investments. “ Growth with stability is a major feature of Chinese The second feature of the Chinese model is what is called soft authoritarianism. Soft authoritarianism is also referred to as “ dual-economy’ – “ maintain a market-oriented economy and authoritarian government control”(p. 200).

According to L’, Fuchsia’s rendering of soft authoritarianism has two distinguishing characteristics: First, it combines a market-oriented economic system with “ a kind of paternalistic authoritarianism that persuades rather than coerces” resulting into a regime that is economically liberal but politically quasi-authoritarian; soft authoritarianism is communitarian, emphasizing conformity to group interests over individual rights – in contemporary China, freedom of action and expression are largely confined to economic sphere because the Chinese government believes that economic velveteen is the main vehicle for integration and cohesion.

The feature of the model is incremental economic reform with delayed political liberalizing.

Lie argues that the reform in China is marked by incremental and piecemeal changes. Economic reform has preceded political reform. Political reform lags behind economic reform in China, a sequence that allows market reforms without dismantling the authority structure. He also noted that political reform has been more substantial.

As economic reform increased in the asses, the authority of the party – state waned in the countryside and provinces.

The reduced role of the center – China’s central government – derived from spontaneous economic forces and from a conscious decision by reformers to replace direct central government involvement in economic affairs with indirect levers, the market, and increased local decision making. There are signs that China’s political system has adapted to the circumstances and is increasingly institutionalized, meaning increased structural differentiation, more regularities decision-making processes, and more state autonomy from society. Another feature of the model is the inclusion dominant party system.

Rather than dismantling the party-state, Chinese reform has lured some officials away from public office into private commerce, to engage superfluous cadres elsewhere, to foster rule of law in a wild world where even the powerful cannot control everything, to whittle away state power by shifting wealth into private hands, and to replace office with wealth as the most important indicator of individual social status.

These changes amount to gradualist political reform according to Lie. The current Chinese state favors occupation over coercion – when feasible – as a mode of political intro.

Today’s inclusion authoritarian state offers more political space for potential opposition groups to organize and press their demands. Before we discuss the issue of whether the economic success of the Asian Tigers and development progresses of our respective countries – Liberia, Central African Republic, Cambodia, and Ghana. Republic, Cambodia, and Ghana Preamble to the brief discussions of our respective countries’ growth and economic development progresses, neat our discussion to the following domains: Stability and growth; Political regimes; and Economic Reforms.

These domains are not exhaustive but for the purpose of the arguments elucidated above, we chose to limit the domains to these three. Liberia Political Regimes, Stability and Growth Liberia is located at the Western side of Africa. She shares boundaries with Cote divorce, Guiana, and Sierra Leone. The country for eight difficult years went through civil strife and was “ brought to a close in 1997 when free and open presidential and legislative elections were held”(Clay – The World Fastback).

Then President Charles Taylor “ held strong executive power with no real political opposition”.

His oppressive ole led to “ years of fighting, coupled with the flight of most businesses”, which marred or “ disrupted formal economic activity’. According to the CIA – The World Fastback; “ a still unsettled domestic security situation has slowed the process of rebuilding the social and economic structure of this war-torn country’. “ In 2001 , the UN imposed sanctions on Liberia diamonds, along with an arms embargo and a travel ban on government officials, for Liberties support of the rebel insurgency in Sierra Leone”.

Further worry was the “ renewed rebel activity’ that “ eroded stability and economic activity’. In August 2003, a “ peace agreement signed by the government and war-lords ended the war and prompted the resignation of former president Charles Taylor”.

“ Democratic elections in late 2005 brought President Ellen Johnson Israeli to power. “ The UN Mission in Liberia (MILL) maintains a strong presence throughout the country, but the security situation is still fragile and the process of rebuilding the social and economic structure of this war-torn country will take many years”.

According to Tiepin, the “ seven years (1990-97), war and political chaos deprived the country of available international debt management initiatives, including the most cent and current HIPS Initiative. While these international debt relief schemes are far from being satisfactory, some African countries have utilized and somehow benefited from them. Countries like Uganda, Macaque, Cote divorce, Burning Fast, and Mali have either reached their ‘ decision’ or ‘ completion’ points in the HIPS Initiative”.

The political environment as it is now in Liberia slowed down growth drastically and made the country very fragile and open out for external forces manipulations. As a result investor confidence is waned drastically and this is stifling economic growth ND stability required. Growth regimes of Liberia for over twenty years show that during the conflict years real per capita Gross Domestic Product declined from almost IIS$I, OHO in 1980 to below IIS$OHIO IN 1995. Since 2001, it has been hovering Just below IIS$2002.

According to Roundhead(2007), the major concerns of Liberia reform and recovery leadership can be summarized in four broad themes: How to reconstruct a competent civil service , and ultimately a public sector that is capable of managing the recovery and development process; How to assert the government’s priorities hill exercising effective ownership of the recovery and development process; How to create employment to address the needs of large youth populations while at the same time finding ways to discourage former combatants from returning to violence; and How to balance the need to address urgent problems in the short term with the development of broad policy strategies. Capacity for managing development is very crucial for the restructuring and development of the Liberia economy.

Currently in Liberia there is shortage of skilled and semi-skilled workers as a result of years of neglect to education system.

In addition, there is a vast pool of under-skilled, unskilled and unemployed people. “ The state management structure in Liberia has been likened to a ledge with a thin layer of people with strong academic credentials at the top of the government. These people usually have work experience overseas with international institutions, academia or private sector.

Below them, however, there is an almost total absence of relevant skills, capabilities and competence”(p. 6). The government in that regards instituted so many initiatives including the one-stop shop policy aimed primarily at asking entry into Liberia easier for potential investors and returning nationals.

Another priority of the Liberia Government is capacity for ownership. The civil service leadership could be divided into technical and managerial layers. These layers must have the required technical and managerial skills to deliver goods and services on a day-to-day basis.

“ At the higher level those in power should be able to drive the direction of the recovery and push forward what they see as appropriate policy choices. This is not a challenge unique to Liberia, it is often encountered in entries that rely extensively on development aid, and where the international community takes an active, even activist, role in national policy and planning processes”(p. ) The other themes stated above as development focus of the Liberia Government are worth pursuing because it will protect the Liberia economy from future violence and economy desalination. Central African Republic The Central African Republic is located at the heart of Africa. It shares boundaries with many countries; “ on the north by Chad, on the east by Sudan, on the south by the Democratic Republic of Congo (DROP-? the former Zaire) and the Republic of the 3, 233 mi). The Bangui and Embosom rivers form much of the southern border; the eastern border coincides with the divide between the watersheds of the Nile and the Zaire Rivers.

The Central African Republic capital city, Bangui, is located in the southwestern part of the country’.

Government and Political Regimes The 1959 constitution was suspended after the January 1966 coup, and the National Assembly was dissolved. An imperial constitution issued in December 1976 lapsed with Bazooka’s fall in 1979. A new constitution was promulgated on 6 February 1981 after 97.

4% of the voters had approved it in a referendum. It provided for the election of a president and National Assembly by universal adult suffrage, and it allowed multiple parties. It was suspended after the military coup of 1 September 1981. All executive and legislative power was assumed by the ruling Military Committee for National Recovery (Commit Military pour el Readjustment National), headed by Gene.

And Goggling. This committee was disbanded in 1985.

A new constitution adopted by plebiscite on 21 November 1986 established a one-party state and a 52-member National Assembly; simultaneously, Goggling was elected unopposed to a six-year term as president. The National Assembly provided a forum for debate, but it had little substantive impact on government policy. In 1991, Goggling was forced to legalize opposition parties. After the Supreme Court invalidated a 1992 election, new elections were conducted successfully in September 1993. For the 1993 elections, the unicameral National Assembly was enlarged to 85 members.

Goggling was defeated.

A new president, Anger-Flax Pats, was installed and a graceful transition to multiparty democracy took place. The new coalition government was headed by the MILL and included members of three other parties. The Economic and Regional Council advises the National Assembly. Constitutional reforms passed by referendum in 1994 and instituted in 1995 and 1996 created a stronger prime minister, a constitutional court, and created regional assemblies.

On 1 5 March 2003, former army Chief Francis Bozo seized power in a coup, declared himself president, dissolved parliament, and suspended the constitution. Prior to the March 2003 coup, the constitution provided for an independent Judiciary, although it was subject to executive interference.

The president could veto legislation, although the legislature could override his veto, and he could rule by Cree under special conditions. Members of the National Assembly served five-year terms. Suffrage was universal at age 21 . After his assumption of power, Bozo indicated he would appoint a transitional council to replace the National Assembly, and that elections would soon be held.

He did not indicate when those elections would be held, however. The ruling MILL emerged from the November and December 1998 elections with 47 seats out of the expanded 109-member national assembly. The 3RD got 20 seats, and nine other parties and independents shared the remaining 42 seats. The opposition ember of parliament to the government side and its allies.

In June 1999, the new Prime Minister Ancient Georges Ideologue of MILL formed a 25-member cabinet in which four portfolios went to the opposition. In the previous government of national unity the opposition had 10 cabinet positions.

Economic Growth The Central African Republic (CAR) has a basically agricultural economy supplemented by the export of diamonds. Agriculture engages about 85% of the workforce and produces about half of GAP. Food crops-? manioc (tapioca), corn, millet, bananas, and rice-? are grown on low-technology farms for domestic consumption. Coffee, tobacco, timber and cotton are the CAR’s principal export crops. The large forest reserves support growth in timber exports; timber accounted for 38% of export earnings in 2001.

Livestock production grew in the early asses as the northern limit of the tsetse fly zone retreated south.

Diamond output leads the mining sector, with sales of uncut diamonds contributing approximately 39% of export revenues in 2001. Published figures on production levels for diamond mines are considered unreliable, due to widespread smuggling and mine owner’s attempts to minimize their exposure to export taxes. It is possible there are oil deposits along Cameraman’s northern border with Chad. The country suffers as a result of its isolation from its major markets, deteriorating transportation infrastructure, and largely unskilled workforce. The communication network also is limited.

Economic growth stagnated between 1989 and 1991 , severely affected by declining world prices for its exports. In 1994, the CUFF franc was devalued. This had the effect of increasing diamond, timber, coffee, and cotton exports, resulting in a 5% growth in GAP. On the other hand, imports rose in price, driving inflation to 45% in 1994. By 2001, the inflation rate had dropped to 3.

6%, with a GAP growth rate of 1. 8%. The country runs both budget deficits and trade deficits, has a large debt burden and limited foreign direct investment, and, as of 2002, had seen a decline in per capita GNP in the last 30 years. World Bank and MIFF programs to support investments in livestock, agriculture, and the transportation sectors have not been successful.