This book was conceived in response to widespread interest in the economic success of the East Asian market-oriented economies. Whether growth and development are judged in purely economic terms or by a combination of economic and welfare criteria, this group of East Asian countries has established a clear lead over other developing countries. Despite the world-wide recession of the early 1980s, two East Asian economies – Hong Kong and Singapore – are catching up with the high income industrial countries and several other East Asian market economies are poised to do so. The economic performance of the Republic of Korea and Thailand has been particularly striking for they were both among the very low income countries of the world in the 1950s. Even the Philippines, a poor performer among this group of countries, has a better than average record among developing countries.

The East Asian countries range in population size from city states to middle-sized countries and have widely divergent resource endowments and economic histories, but they have faced the same international environment as other countries. Why is their economic performance so successful?

The principal objective of this book is to identify the policies that have been critical to economic success. The conclusion is that ‘unshackling exports’ (that most of the East Asian countries had themselves at first shackled) has been the key to success. However, it is also clear that successful performance needs several policy strands. Political stability and the rule of law are essential. Economic policies apparently distorted prices less than was the case in most other developing countries; macroeconomic management was relatively successful, all economic sectors, particularly agricul-
ture, were developed, and public investment in social and physical infrastructural facilities was productive. Where these economic conditions did not prevail, as in the Philippines, the economy faltered. Governments thus provided the environment for growth; but private enterprise, despite risk and uncertainty, made the investments necessary and through exposure to international competition became efficient and profitable. There seems little doubt that if other developing countries had followed similar economic policies they would also have grown more rapidly and would thus have been able to alleviate the poverty of their low income groups as well as avoiding high national indebtedness.

Given the importance of economic policies, a second purpose of the book is to analyse the strands of the varied political backgrounds and cultural heritages which have enabled such a disparate group of countries to choose policies that led to rapid growth. It was hoped that some insights into the reasons why other countries did not adopt similar policies would emerge. Here the evidence was much less clear than in the economic analysis. Hypotheses that draw on political and social factors are often put forward to explain the successful development of the East Asian market economies, but these were found wanting. East Asian economic prototypes disintegrated under close examination. Regional influences, however, were as important as they have been in Latin America, Africa and the Middle East. Neighbourhoods appear to matter.

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