



*REVISITING ASIAN EXPERIENCES
for SUSTAINABLE ECONOMIC
DEVELOPMENT IN AFRICA
- Conceptual Framework of a Stocktaking Work -*

@ IPD Africa Task Force,
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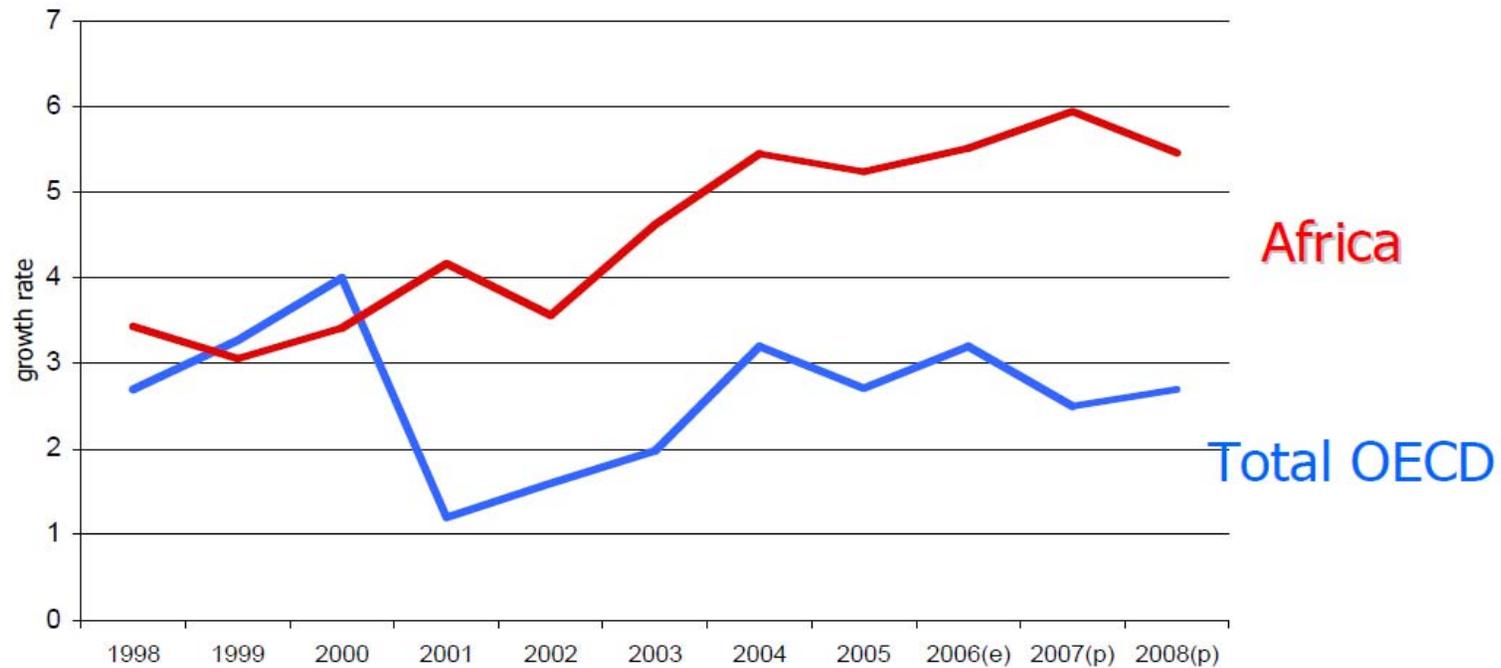
Vice President, JICA



Contents of Presentation

- **Outline of the Planned Stocktaking Work on Asian Experience of Economic Development to be Conducted by JICA**
- **Some Preliminary Knowledge on Asian Experiences as “Food-for-Thought” for the IPD Africa Taskforce**

How Can Africa Capitalize on Recent Economic Gains?



Source: African Economic Outlook 2007, OECD



An Opportunity for Mutual Learning between Asia and Africa

- **Renewed interest in Asian experiences and African successes**
 - **Confidence in African Economic Growth**
 - **Growing Economic Ties between Asian New Economies (China and India) and Africa**
 - **Growing Interest in African Success Stories**
- **Interest in Asian experiences expressed at development fora by African leaders at a number of occasions**
- **Growing academic interest around possibility of “Developmental State” in Africa**



*Possible Input to Int'l Fora in
2008 - TICAD IV and G8 Summit*

- **Opportunities for int'l Community to exchange ideas and discuss way forward on future of “Vibrant Africa”**
- **GOJ willing to renew its commitment to support African development around three broad themes**
 - **Acceleration of Growth**
 - **Promotion of “Human Security”**
 - **Improving Environmental Management and Combating Climate Change**

Some Key Questions to be Explored

- **Is sound macro-economic management and the establishment of a transparent and accountable governance structure sufficient to realize growth and development?**
- **What role should government play with regard to the market in accelerating economic development in Africa, in light of the limited capacity of the state, limited penetration of market in Africa, and the current trend toward globalization?**
- **What lessons and practices can African countries learn from the experiences of “developmental states” in Asia?**

Key Questions (Cont'd)

- **Is there any possibility of experimenting with a “democratic developmental state” model in Africa in today’s era of globalization, and if so, what need to be done?**
- **What can we learn from African success stories, e.g., in Botswana and Mauritius, which are sometimes referred to as “developmental states”?**
- **How can the international community, including Japan, support the efforts of African countries to realize sustainable pro-poor economic development?**

Expected Outputs

- **Compilation of Asian experiences on selected issues presented as templates**
- **Policy implications of Asian developmental experiences for African governments**
- **Policy recommendations for international community with regard to future support to Africa**

Timeframe and Process

- **Initial Stocktaking Phase in Japan**
 - June 2007 – Dec. 2007
- **Dissemination/Discussion Phase**
(with Asian and African Scholars and Policy Makers)
 - Jan. 2008 onward
- **Further research and analysis may follow based on output of this work and questions left unanswered**



Some Preliminary Understandings on Asian Experiences



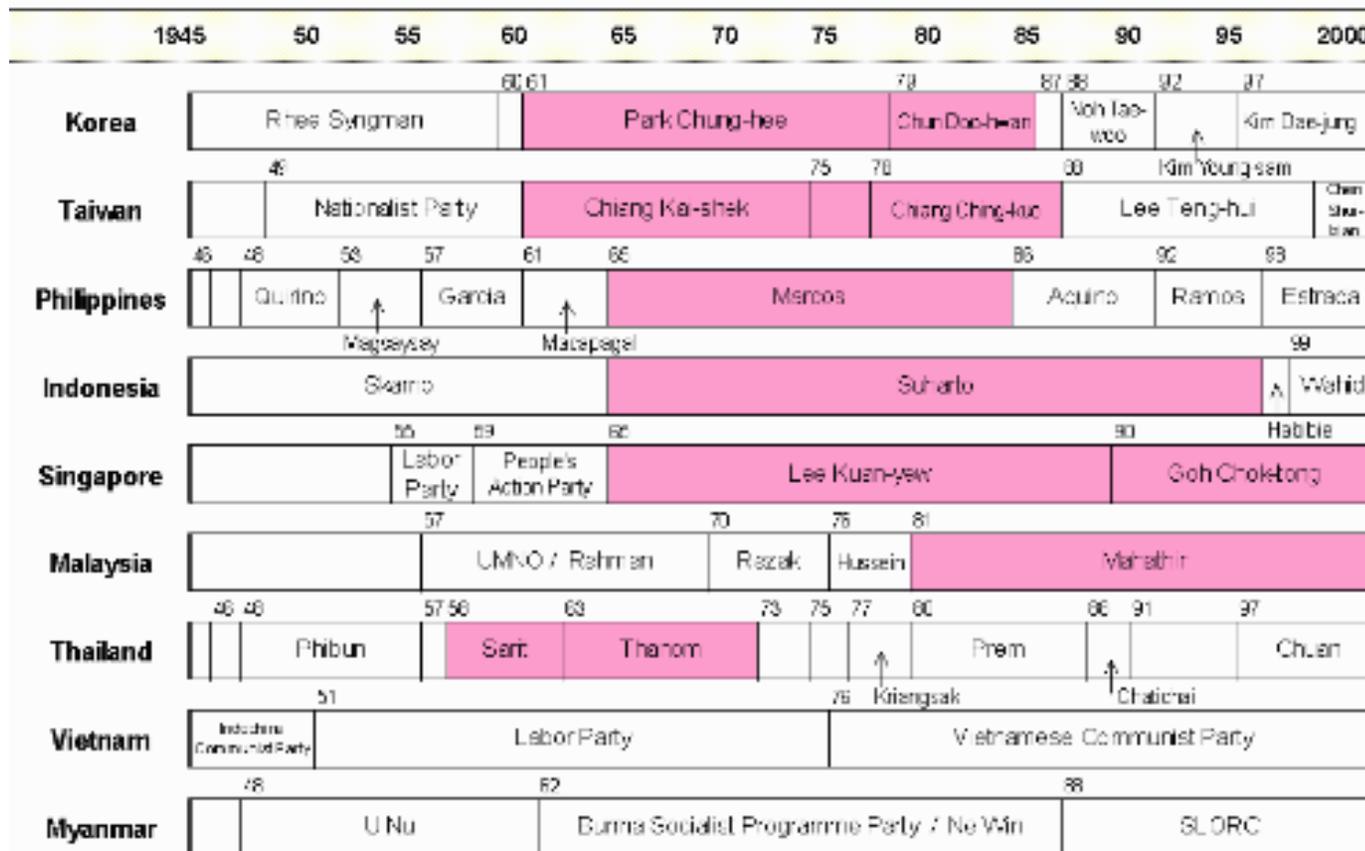
- *Developmentalism*
- *Foundation of Industrialization*
- *Regional Economic Network*

◎ **Definition**

- **“Ideology that prioritizes national interest over individual, family and regional interest, and aims to intensively mobilize and control physical/human resource” (Suehiro, 1998)**
- **Developmental system emerge as a temporary character for ‘crisis management’ in a certain development phase in a certain country, not as a permanent political economic system.**

Developmentalism in Asia

©Era of Developmentalism in Asia



Source: Akira Suehiro, *Catch-up Type Industrialization*, Nagoya University Press, 2000, p115.

© **Major elements of Developmentalism :**

- Sharing the “Growth Ideology” among nations
- Autonomous bureaucracy to plan & implement developmental/industrial policies
- Industrial policies including:
 - a) export promotion
 - b) protection and promotion of selected infant industries
 - c) promotion of supporting industries and SMEs
- Management of monetary/exchange system to stabilize labor cost, and increase export competitiveness
- Intervention in labor-management relation to secure social/political stability and fully utilize labor force
- Equitable redistribution policy



Developmentalism in Asia

© **Variation of Developmentalism in Asia**

	Government's commitment to industrial development and its character
Korea	Very strong (authoritarian, strong intervention to resource allocation)
Chinese Taipei	Weak (infrastructure development, export processing zone)
Singapore	Very strong (intervention to saving and labor market)
Hong Kong	'Laisser faire' (except for infrastructure development)
Thailand	Very weak (infrastructure development, macro economic stabilization)
Malaysia	Strong (linkage with ethnic policy, introduction of foreign capital)
Indonesia	Strong ('full-set' industrialization)
Philippine	Not effective (long term & self-interested protective policy)

What form of “developmentalism” is possible in the present context?

(under democracy, globalization, and the lack of immediate threat to sovereignty)

- Political commitment to shared development ideology**
- Fostering autonomous bureaucracy**
- Open and transparent government intervention in economic development**
- Respect for individual freedom and prosperity, as well as pursuit of national interest**



Foundation of Industrialization Policy

© **Two Strategies of Industrialization**

- **Initial industrialization promoted under import substitution (during '60s and '70s)**
- **Further development of industrialization realized under export promotion policy associated with FDI (esp. after 1985)**

⇒ Regardless of industrialization policy orientation, however, it is important to invest in the foundations for industrialization



Laying the foundations for industrialization

© **Investment in “Basics” of Industrialization**

- investment in infrastructure**

- ⇒ laying foundation for investment and agglomeration of industry**

- investment in basic education (primary and secondary), while ensuring gender equity**

- ⇒ improvement of labor force quality**

- ⇒ acceleration of demographic transition**



Laying the foundations for industrialization

◎ **Balanced Resource Distribution to Agriculture/Industry Sectors**

Industrialization requires resource transfers from agriculture to industries. In the case of Asia, however, in parallel to the transfer of resources out of agriculture sector, large amount of re-investment in agriculture and rural sector was realized.

Leading to:

- **Increased agricultural production (1970-)**
- **Expansion of non-agricultural employment in rural area (1980-)**
- **Increased income in rural area**
- **Alleviation of over-concentration of urban population**

Contributed to:

Social stability and macroeconomic stability



Laying the foundations for industrialization

Table Non-agricultural population in rural area (%)

	1970	1980	1990
E.Asia	17.8	29.2	30.0
S.Asia	14.4	15.8	15.3
Latin America	-0.7	3.1	2.6
S.S. Africa	2.9	1.7	3.9

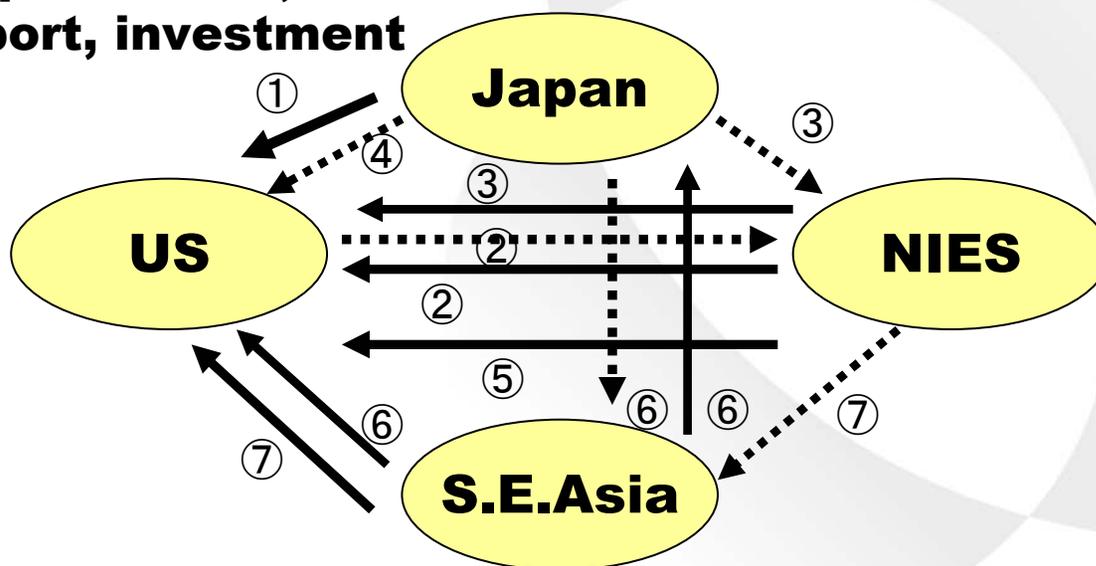
(Teranishi 1997)

Regional Economic Network of Asia

◎ Regional Economic network

- Close relations with Japan and US economy

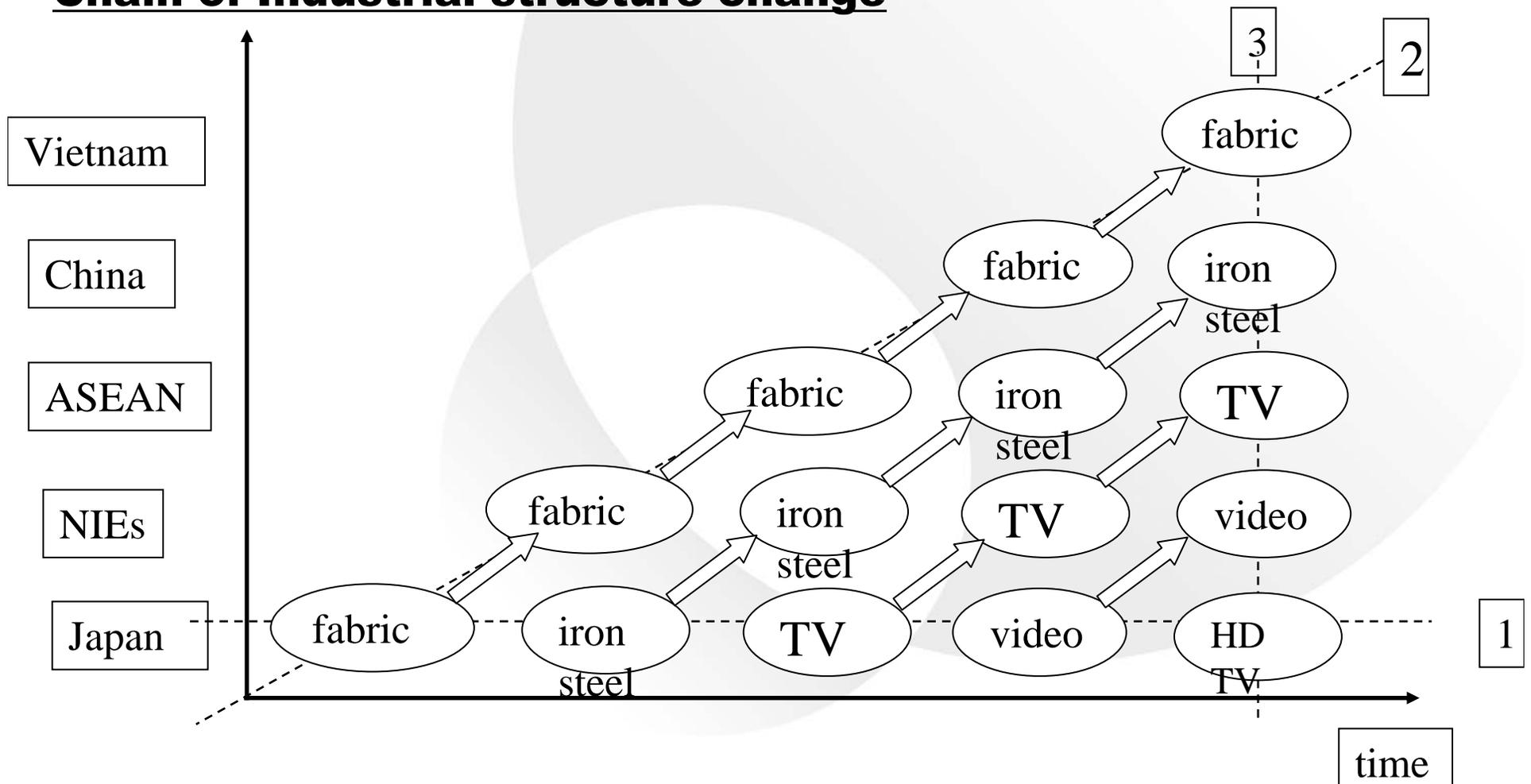
**TV production,
Export, investment**



- ① : Japan export to US
- ② : US invest in NIES, then export to US
- ③ : Japan invest in NIES, then export to US
- ④ : Japan invest in US
- ⑤ : NIES export to US
- ⑥ : Japan invest in S.E.Asia, then export to Japan and US
- ⑦ : NIES invest in S.E.Asia then export to US

Regional Economic Network of Asia

Chain of Industrial structure change





Regional Economic Network of Asia

- **Economic growth in Asia was not a phenomenon accomplished by individual countries – rather, a regional phenomenon.**
- **Existence and expansion of regional economic network was key.**
 - **Regional investment**
 - **Regional trade**



Tentative Messages from Asian Experiences

- **Possibility of a modified version of Asian developmentalism in the present-day African context**
- **Importance of “Basics” of industrialization**
 - **balanced development in urban and rural sectors**
- **Need for mechanism to promote regional economic network to induce collaboration and competition among countries**



Thank you for your attention.