WHAT ARE THE MAJOR LESSONS FROM EAST ASIAN DEVELOPMENT EXPERIENCE?

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INTRODUCTION

Since the early sixties, the "miracle" of some East Asian economies has become part of the "folklore" of "development economics". The fast rise of Japan as a major economic power after World War II, the meteoric development of South Korea, Taiwan, Singapore and Hong-Kong as super-industrial exporters since the late sixties, and the more recent equally impressive economic performance of Indonesia, Malaysia and Thailand, seem to fully justify economists' increasing interest in the study of these economies. The interest on the East Asian experience has been further increased because those economies have grown fast, undertaken deep economic, social and technological changes and some are catching-up with (or, as in the case of Japan, has overtaken) the most advanced economies, whereas most of the developing world has failed to fulfil the promises of the sixties and seventies. This raises the questions of what is the cause of that success, what lessons are there to be learned, and whether the East Asian experience can be replicated in other LDCs. In particular, it is important to understand how industrial capital has become the dominant form of capital accumulation, why entrepreneurs decided to go on an investment binge and how these economies have managed to mobilise the necessary resources to do so.

This essay argues that there are important lessons for development to be drawn from East Asia's experience. However, "development" is the outcome of specific socially structured conditions, and is the process of changing such conditions; hence, "development" cannot be copied from elsewhere. Learning from other experiences requires not only access to information on the final "product" or model, but also the understanding of the social processes that have led to specific measures being taken and specific outcomes achieved. Different economies and institutions may learn different lessons from East Asia, depending on the problems they need, are capable and wish to address, and the conditions that they face to do so.

This essay comprises three other sections. The next summarises the most important achievements of East Asian economies. The third discusses competing interpretations of East Asian experience, whereas the fourth discusses some of the broad lessons from that experience.

THE EAST ASIAN SUCCESS STORY

The four "tigers" of East Asia (South Korea, Taiwan, Singapore and Hong-Kong) have been able to maintain higher rates of GDP growth for longer periods of time than any other economy. Japan and the four "tigers" have significantly improved their position in the world's rank of per capita income. While Japan has become the second economy in the world, the rise of South Korea and Taiwan has been meteoric – the rose from the being in the last third of the rank of world economies by size of GDP per capita to being in the first quarter of the same rank in just seven years (Chowdhuri and Islam 1993: figure 1.1)

South Korea and Taiwan have more than quadrupled their share of world's GDP and world's manufacturing value added (MVA) (Chowdhuri and Islam 1993: table 1.2a). In the mid-eighties, the four "tigers" accounted for almost 60 per cent of the exports of manufactures from all developing economies, and had achieved the highest MVA per capita amongst the developing world. South Korea and Taiwan made the shift from being typically underdeveloped skill and savings scarce economies, to becoming complex industrial economies involved in the latest stages of R&D and technological development. In South Korea, for example, between 1960 and 1989, agricultural share of GDP and employment dropped from 37 and 66 per cent to 9 and 19 per cent respectively, while the manufacturing share of GDP and employment more than doubled. Between 1970 and 1988, the machinery, transport equipment and high-tech industries share of Korean MVA tripled. Between 1950 and 1989 the exports share of GDP increased from 3 to 30 per cent, the share of manufactures in merchandise exports increased from 12 to 90 per cent. Between 1970 and 1985, South Korean manufactured exports grew at an average annual rate of 28 per cent (26 per cent in Taiwan) (ibid.). This suggests that the "tigers" have managed to change their static comparative advantages and their position in the world trade arena, to improve their gains from trade and to increase the flexibility and competitiveness of their economies, It also suggests that the pace of these changes is related to the development of their technological, managerial and economic capability.

From an initial period of shortage of domestic savings, compensated for by grants and publicly guaranteed foreign loans and foreign direct investment (FDI), most of the East Asian economies managed to increase their profit-related savings ratios to sustain investment ratios of 30 per cent and more for almost three decades (Akyuz and Gore 1996).

The "tigers" have been able to improve income distribution and simultaneously maintain impressively high rates of capital accumulation and economic growth. This suggests that it is not the rate, but the pattern, of capital accumulation, which worsens or improves income distribution (Hamilton 1983, Page 1994, Stiglitz 1996, World Bank 1993). Therefore, understanding why the patterns of economic accumulation favoured broad based development and improvement in income distribution is as important as to understand how fast economic growth industrial deepening and structural transformation of production and trade took place.

None of the "tigers" has been trapped by very strong macro-economic imbalances of the magnitude seen in some Latin American and Sub-Saharan African countries. This suggests that either they were particularly concerned with macro-economic balances, or that their way of mobilising resources and implementing selective performance-based incentives yielded high social returns (Akyuz and Gore 1996, Page 1994, Stiglitz 1996, World Bank 1993).

The state and other institutions have been able to change to respond to new development challenges. New forms of interaction between economic agents have been developed, so that East Asian economies have benefited from the advantages of co-operation and competition (Amsden 1985 and 1994, Chang 1994, Page 1994, Stiglitz 1996, World Bank 1993).

COMPETING VIEWS AND LESSONS OF THE EAST ASIAN SUCCESS STORY

To extract lessons from the East Asian experience it is necessary to explain their success. Specific lessons are derived from the way the experience is understood, which aspects are stressed, which issues are being addressed, which methodology has been used.

Neo-Classical Interpretations and Lessons

Earlier Neo-Classical Interpretations: Getting Prices Right

Earlier neo-classical interpretations of the East Asian experience have emphasised that free trade and good macroeconomics explain the success. The export drive of East Asian economies is the proof of their commitment to free trade. They export because they perceive gains from specialisation, and they let markets signal and take competitive advantages of their comparative advantages (abundant labour). The structural change which has happened in these economies results from the combined effect of the expected neo-classical transformation - factor and price equalisation in the presence of diminishing returns to inputs and neutral trade policies, and the gains from openness to foreign trade and investment - availability of capital and access to technological and managerial capacity.

Macro-economic stability has been maintained despite fast growth because East Asian growth results from "getting prices right". Neutral exchange rates, fiscal discipline and financial liberalisation promoted exports, savings and private investment (foreign and domestic), while maintaining low inflation and keeping the balance of payments under control. Hence, if there is one piece of policy advice that could be drawn unambiguously from the development experience of the past decades, it is "getting prices right" (Lal 1984).

Latin American, South Asian and Sub-Saharan African "horror stories" of state intervention seemed to have helped the surge of the neo-classical "counter-revolution" of the late seventies and earlier eighties. The neo-classical insurgence needed more than a theory, it needed a proof of the advantages of the market mechanism over state intervention. East Asia seemed to have shifted the burden of proof and delivered the neo-classical case.

However, an increasingly vast amount of literature was proving the neo-classical interpretation of East Asia not only oversimplistic, but fundamentally wrong. Studies have shown that only Hong-Kong and Singapore were mildly market-friendly, but that even in these very specific city-states, service-based economies, industrialisation was brought about by intervention in the market: Hong-Kong owns the largest quota of the international market within the multi-fibre agreement, and the state in Singapore has pursued a very aggressive policy to attract foreign investment. Japan, South Korea and Taiwan are seen as the champions of state intervention in the capitalist world.

The World Bank's Miracle: Getting the Fundamentals and the Markets Right

In the early nineties the World Bank commissioned a study to evaluate the magnitude of the success of the East Asian economies and to determine its causes, in order to draw the necessary lessons for other LDCs.[1] The report (World Bank 1993) emphasises that the success of the "tigers" can be explained by a combination of the neo-classical "basics" and

[1] Amsden (1994) and Lall (1994 and 1996) present an interesting insight into the political economy of the World Bank's study, and argue that the political management of the Bank manipulated data and arguments in order to show that the study fully supports the Bank's own market-friendly policies.

cautious state intervention to correct market failure. In the same lines, Page (1994) identifies the most important common factors with contributed to the East Asian success:

(i) each country has maintained the fundamentals “right”. This means that the market-clearing structure of relative prices has been maintained; the market has been opened to foreign technology and capital; financial systems have been secure and stable, and have undertaken significant deepening; public investment has been heavily concentrated on the provision and improvement of human capital and infra-structure;

(ii) each country avoided anti-export bias by moving away from import substitution policies to export driven policies, thus enabling competition to enhance economic efficiency and ensuring macro-economic stability;

(iii) in each country, the state has intervened to address market failure, not to replace the market. Co-ordination problems and imperfect information - the major market failures faced by the East Asian countries, and other developing economies - were dealt with by contests, which were the East Asian selective device to share information, co-ordinate complementary investment and encourage and enforce co-operative behaviour based on a long-lasting relationship between the participants in the contest. Contests have also been used to introduce performance-based reward systems related to export performance, and to submit the firms and the civil service to the discipline of competition;

(iv) each country has been capable of developing a technocratic administration insulated from political pressure and interference. Such an administration, acted in co-ordination with markets and business, completed incomplete markets and corrected market failures;

(v) in each country, the benefits of economic growth have been widely shared and typical fast-growth-related inequality has been avoided. This has enhanced political and economic stability and reinforced social adherence to the goal of pursuing fast growth. More equal income distribution is due to the “basics”: macro-economic stability, labour intensive export-oriented growth, heavy investment in primary and secondary education and land reform followed by low price distortion for agricultural goods and services.

The report stresses that cautious state intervention has smoothed market operation and enhanced growth. However, although it admits that there are methodological problems in tracing the impact of selective policies and targeting on economic growth and structural change, the report concludes that there is no evidence that such active policies and forms of intervention had made any difference to the working of the economy. First, the industrial structure that developed conforms with, and could have been delivered under, the neo-classical model: in the long-run, the intensive use of the initial factor endowments, combined with international specialisation and trade, would lead to structural transformation of the economy of the due to factor and price equalisation. Second, targeted industries do not appear to achieve higher total factor productivity (TFP) than non-targeted industries. Hence, active industrial policies must have been unnecessary - therefore inefficient - since there is no evidence that such policies have been able to correct expected market outcome.

The Bank’s report stresses that state intervention is preferred to market mechanism if, and only if, states intervene to address market failure and smooth the operation of the market mechanism - these are the cases of incomplete or absent markets and information failure. State intervention can help markets to operate smoothly or to develop, but cannot perform allocative tasks, given that states are there to correct market failure, not to replace the role of the market. In this connection, the Bank sets some rules of thumb for avoiding unnecessary and inefficient sate intervention. First, be reluctant to intervene: let markets operate, unless strong market failures are identified. Second, be cautious: intervene moderately and submit firms and the administration to market discipline. Third, be open and clear: discretion must be eliminated and rules, criteria and monitoring must be clear from the beginning. Performance-based incentives and contests can be used as a proxy for market competition and incentives, but only if markets are failing severely.

The lessons drawn by this study are as follow. First, East Asia's success is not a mysterious miracle, as it results from a superior model of accumulation. Second, the superiority of this model of accumulation is derived from the following rules: (a) pragmatic but firm adherence to the basics (macro-economic stability, good financial systems, investment in human capital and infra-structure, limited price distortions and openness of the market); (b) market-friendly state intervention to correct market failure; and (c) emphasis on exports based on the country's comparative advantages. Third, the East Asian experience cannot be easily replicated elsewhere, as policy advice cannot be given in a vacuum - it depends on the institutional and political circumstances, and, above all, the capacity of the government to help improving the business environment.

Alternative Interpretations and Lessons

A large number of authors has challenged the whole neo-classical - including the Bank's refinement of the neo-liberal interpretation of East Asia. These challenges to the orthodoxy have become more relevant as the World Bank has been insisting, against the odds, that its own policies introduced in LDCs through structural adjustment - combined with IMF's stabilisation packages - are rooted in recent historical experience of development in East Asia. The alternative approaches are focused on two different, but closely related, issues: first, whether the state can perform allocative tasks and, in doing so, change the structure of the economy. Second, whether the state can perform the crucial role of changing the whole pattern of capital accumulation and, in doing so, mobilise the factors and resources needed to accelerate accumulation and enhance improved allocative efficiency.

The allocative role played by the state

Several authors have challenged the Bank's argument that industrial policies do not seem to matter as far as structural change is concerned. The critics of the Bank question the propositions of the neo-classical transformation, develop the economic arguments for selectivity and targeting, and show that Hong-Kong, the only "tiger" with no active industrial policy, has failed to upgrade and operate structural change.

Amsden (1989 and 1994) and Lall (1994) argue that the neo-classical faith on economic transformation brought about in the long run by factor and price equalisation through the market is only a theory. There is no evidence and sensible reason to believe that in the absence of specific active policies, economic transformation of the magnitude of the East Asian case can ever be materialised. Therefore, it is more important to understand the interactions which help states, firms and markets to perform more efficiently in a world of uncertainty, ignorance and imperfect competition, than to dismiss one or other view on the basis of blind faith.

It has been argued that the "market-failure-only" argument for state intervention is weak and does not conform with new developments in theories of industry, technology and competition. Different authors have argued that the comparative advantage of state intervention lies precisely on its ability to select long-term social goals and strategies (thus reducing uncertainty), identify the interim steps, and pick the related sets of priorities. For example, Chang (1994) and Shapiro and Taylor (1990) relate long-term dynamic effects from learning, innovation and linkages with the ability to perceive the efficiency of such outcomes for the economy as a whole. However, in a world of imperfect information, incomplete or absent markets and independence between economic units, the existence of better alternatives does not necessarily mean the advent of a change. The catalytic, selective role of the state is, then, necessary.

Other authors have argued that selectivity, combined with performance-based incentives, largely explains the difference in efficiency between economic strategies and state intervention in East Asia and elsewhere in the developing world. For example, Amsden (1989 and 1994), Edwards (1995), Jenkins (1991a and 1991b) and Wade (1990) have argued that selectivity in East Asia have reduced the social costs of state intervention, increased the returns and effectiveness of social choices, and facilitated monitoring and correction of strategies and policies when necessary. In contrast, blanket state intervention in Latin America, with all related generalised systems of subsidies and protection, has prevented structural change (since every single activity was protected) and helped to create the well known macro-economic acute crisis. While in South Korea and Taiwan selected industries received far more protection than any industry in Latin America, the overall cost of protection in the two "tigers" was far lower.

Another set of authors argue that the tacit element and learning needs of modern industrialisation and technology require selective policies and targeting to ensure the attainment of desirable allocation of resources. Lall (1994 and 1996) argue that targeting specific skills is crucial for the development of human capital, and that the extent to which countries prefer technological deepening and upgrading may significantly explain the extent to which governments have to intervene through strategies which select targets. Teubal (1996) shows that in the second stage of technological progress, more selective and targeting policies are necessary to move beyond routine R&D to high-tech R&D and specialised infra-structures and institutions, and to accelerate adoption, adaptation and innovation.

Akyuz and Gore (1996), Chang (1994), Harris (1988) and Stiglitz (1996) have argued that the ability of some East Asian economies to increase profits, raise the propensity to save from corporate profits, and invest savings in socially desirable projects is strongly related with strategic intervention, selection and targeting. Selective policies and targeting have helped to transfer rents created by the state and appropriated by firms to productive investment in industry and technology.

Finally, the example of Hong-Kong, the only "tiger" which has not pursued selective industrial policies, appears to prove that selective policies and targeting are needed to promote structural change. Hong-Kong's industrialisation drive started with labour intensive exports of textiles and garments and cheap toys, as most of the "tigers". However, three decades later Hong-Kong industrial structure is still identical, whereas Singapore, South Korea and Taiwan (which have all pursued strong selective industrial and technological policies) have developed highly efficient and highly complex industrial structures. The World Bank may argue that Hong-Kong's example does not fully conform to the neo-classical expectations because the country has been able to appropriate rents in the international market, due to the multi-fibre agreement. Then, the Bank has to recognise that national states may have to deal with international market imperfections. How can it be done without a strategic vision? How can such a strategy be developed without targeting and selecting specific activities, patterns of resource allocation and forms of capital accumulation?

Other authors (Akyuz and Gore 1996, Lall 1994, Stiglitz 1996), have challenged the Bank's argument that industrial policies have failed to raise TFP of targeted industries over and above TFP of non-targeted industries. Apart from the fact that TFP is difficult to measure and can be highly misleading, there are some other important factors to mention. Firstly, non-targeted industries may have been those with higher productivity-growth potential, thus needing no targeting at all. Secondly, targeted industries may not have developed at all in the absence of targeting, despite being socially desirable. Thirdly, selected industries, usually those with higher spillover effects, may have contributed to productivity gains in non-selected industries. Finally, targeting of some industries does not exclude others from developing. It seems to be a good sign that dynamic growth is not restricted to the selected sectors, so that whereas the impact of state efficiency can be multiplied sharply, the impact of state failure can be minimal.

Trade policies and macro-economic management

The Bank's argument that the move away from import-substitution into export-oriented trade policies has been central to explain the East Asian success is also challenged (Amsden 1994 and 1989, Chang 1994, Lall 1996 and 1994, Wade 1990). First, in all East Asian countries (except Singapore and Hong-Kong) import-substitution and high export-performance have been highly positively correlated.

Second, what distinguishes the "tigers" from earlier theories and practices is that in East Asia import-substitution has been understood as a step towards competition and exports, rather than towards an autarchic industrial structure for its own sake. In other words, import-substitution has not been inward-oriented. As a result, protection and subsidies have been awarded on highly selective terms, for limited periods of time, and under the condition that the selected firms have to learn and become competitive in the shortest possible period (according to specific technological and market conditions). Furthermore, East Asia avoided the successive and continuous stages of industrial deepening through import-substitution. Instead, an export drive followed each stage of import-substitution, so that firms had to become competitive, economies of scale and larger markets could emerge, managerial and technological experience could develop, the economy could mobilise scarce resources (such as, foreign currency and savings) for a new phase of deepening of the industrial structure, and, overall, information could be learned. As a whole, discounted future higher social gains compensated for present social costs. Given the highly selective and performance-based system of incentives (e.g., incentives were based on the record of past performance of the firm as exporter), East Asia could also avoid the Latin American experience in which all profits accrued to private firms, and all costs to the society.

Third, protection has been used to cross-subsidise exports; higher domestic profits have been used to compensate for cheap exports, and allowance to enter protected markets has been given on the condition the firm exports

Another disagreement with the Bank's report concerns the notion of good macro-economic management. Whereas no one seems to disagree with the need for good macro-economic management, it is not clear what "good" means in this case. For the Bank, it means keeping inflation, money supply and the fiscal deficit down, maintaining a system of realistic, neutral exchange rates, and allowing financial markets to operate freely so that savings will be raised and inefficient investment avoided (Page 1994, World Bank 1991 and 1993).

However, Amsden (1989), Chang (1994), Harris (1988) and Wade (1990), show that South Korea and Taiwan, following Japan, have manipulated macroeconomics far beyond what mainstream economists would like to acknowledge. The system of incentives gave rise to multiple exchange rates, strong interest rate differentials, credit rationing, different levels of financial repression in different stages of development, and fundamentally different relative prices in goods and factor markets for selected and non-selected projects. However, though significantly "distorted", these economies did not become "unbalanced."

It seems that the performance-based style of intervention has enabled the state to allocate resources in a very "distorted" way, whilst ensuring high social returns. On the other hand, the highly selective style of intervention has prevented the extremely high and totally unsustainable costs of protection and "distortions" - which occurred elsewhere in the developing world, where protection was given to any "industrial" project - to occur in East Asia.

The overall pattern of capital accumulation

So far, the debate on East Asian lessons has been focused on allocative issues: the role played by markets, business and states, the efficient use of co-operation and competition, the best choices of policies and incentive systems to encourage specific allocation decisions. However, the change of the overall pattern and rate of capital accumulation is probably more important to explain the exceptionally rapid and long-lasting economic change and growth in East Asia. *"The attempt to understand capitalist industrialisation in the four "tigers" begins with the obvious structural fact that industrial capital dominates the production of surplus value. This raises the fundamental question of how this process of class transformation came about, for it is within this process that industrial growth occurs."* (Hamilton 1983: 140).

Akyuz and Gore (1996), Jones and Sakong (1980) and Stiglitz (1996) emphasise the role played by the investment-profit nexus in East Asian industrialisation, that is, *"... the dynamic interaction between profits and investment which arise because profits are simultaneously and incentive for investment, a source of investment and an outcome of investment"* (Akyuz and Gore 1996: 461). In all East Asian "tigers", high rates of investment played a major role in the exceptionally rapid growth. This investment was, after an initial period, supported by exceptionally high rates of savings. Profits increasingly became the main source of savings and capital accumulation. *"Government policies accelerated the process of capital accumulation by creating rents and pushing profits over and above those that could be obtained under free-market policies."* (ibid.) The major tools used to create rents and increase the profit propensity to save and invest were the state-driven development of the financial system, agricultural and land reforms, fiscal reforms to encourage investment (e.g., accelerated depreciation allowances and tax exemptions on retained corporate profits) and penalise unproductive rents and luxury consumption, and an effective system of performance-based incentives to encourage socially efficient investment, The profit-related team wage-bonuses system enforced co-operation amongst workers and between workers and business, and allowed firms to retain funds for short-term financing. Akyuz and Gore argue that the "tigers" avoided the Soviet and African style of investment without profits, and the Latin American syndrome of making profits but not investing.

Akyuz and Gore (1996), Amsden (1985), Hamilton (1983) and Stiglitz (1996) emphasise the crucial role played by agricultural and land reforms in Japan, South Korea and Taiwan. The reforms involved land redistribution from the land-lords to peasants, investment in education, R&D and infra-structures targeting smaller farms and intensive agriculture practices, input development and organisation of extension services, financial services and marketing through co-operatives and para-statals. In South Korea and Taiwan the state replaced markets by a system of distribution of cheap inputs in exchange for cheap outputs.

These reforms were a means of changing the pattern of capital accumulation and allocation from unproductive rent seeking and speculation to productive investment in industrialisation. Additionally, fast increase in agricultural productivity allowed labour to be shifted to manufacturing. Technological development in agricultural created a market for capital goods industries. Higher incomes in agriculture encouraged investment in technology and cost-cutting effort in industry, and expanded domestic markets for consumer goods. The combination of agricultural reform and fast industrialisation created conditions for growth with equity and for political stability in the sixties and seventies. Finally, land reform also allowed the state to capture part of the rents previously appropriated by the landlords, which allowed more resources to be put into productive investment in priority areas.

CONCLUDING REMARKS: WHAT ARE THE LESSONS?

It is difficult to clearly identify the lessons from East Asian experience. Experiences vary across countries and over time. Outcomes depend upon an extremely complex - and not always clear - combination of factors that are difficult to distinguish and evaluate. No one is certain of what the exact lesson of a particular policy or outcome is, and how to replicate it. Competing theories tend to emphasise one particular feature of the overall process of economic development at the expense of the understanding of the process as a whole. For example, the fact that the states selected and targeted particular industries does not mean that they did not help markets to develop; as the fact that states helped markets to develop does not mean that they did not intervene extensively through selective and targeting mechanisms.

In the previous sections, some lessons from specific processes (of learning, implementing incentives, etc.) were drawn as the processes were discussed. However, what is common to all those processes is the interesting and complex combination between politics, institutional organisation and economic choices, which explain why each specific process of change could occur and lesson could be learned. This last section of the essay will, thus, be only focused on the most general lessons in an attempt to put together some of the different aspects of the East Asian experience.

First, it is important to recognise the pragmatism of policies and the inadequacy of the theories. For example, different forms of trade orientation, combined with performance-based rewards, helped both to develop national industrial and technological capacities and to take advantage of external markets. Another example, the successful exporters created rents to promote technological learning and industrial upgrading, and compensated for the rents by enforcing the need for social efficiency – their incentives were not neutral. A third example, the selectivity, coherence and flexibility of state intervention helped to combine the advantages of co-ordination, co-operation and competition, and to avoid overall strong distortions. Can theory and theorist learn from these paradoxes?

Second, development is a process of continuous change of the overall pattern of capital accumulation, in order for the economy to be able to make the necessary turn, to generate the necessary surplus and motivation, and to improve the quality of the process of accumulation. The ability to undertake this change is dependent on class structured conditions and power relationships which, in turn, reflect the conditions and contradictions of the existent pattern of capital accumulation. Hence, this is a political and economic process shaped by the political organisation of the society: the state and its interaction with socially determined interest groups.

Third, the overall pattern of capital accumulation is dialectically related with the micro-economic allocation of resources, since the ability and process of producing surplus and of making efficient use of surplus are mutually reinforcing. Therefore, development is also a process of improving the efficiency of allocation and of finding the best combination of incentive-mechanisms of co-operation, co-ordination, learning and competition to do so.

Fourth, the overall understanding of the interaction between states and markets is still weak. This is unfortunate, because it is well recognised that the East Asian success is very strongly related with the success of that interaction. Additionally, it is not possible to learn from East Asia without wondering how specific states, markets and business, and the interaction between them, evolved, and whether authoritarian states are a necessary condition for development. Though more specific research is necessary in this field, it can be argued that the most striking feature of the East Asian states was their stability and quality, and not necessarily their authoritarianism for its own sake.

Finally, it is not obvious whether the exact model of super-exporters can be sustained and generalised. If every single LDC decides to become a super-exporter of manufactures, even assuming all the possible dynamic, learning and innovation effects, no environmental problems and the absence of political constraints (three very strong assumptions), the world economy may become a generalised case of ineffective demand. New technologies, new products and new patterns of specialisation may help to minimise this problem (and somehow avoid it all together). But there is no sensible reason to believe that being a super-exporter is the only way out. For example, Adelman (1984), argues that an open model which combines agricultural demand-led and export-led growth is more realistic and sustainable for most LDCs. This essay is not endorsing, or even discussing, Adelman's model, but is only making the point that learning from the East Asian "tigers" requires learning from their pragmatism, not coping their model which was developed under specific class structured historical conditions.

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